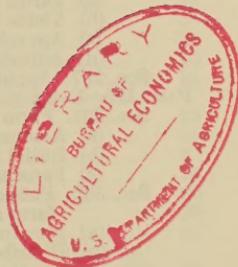


UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

1,422
C 820
M. 307
JUL 7 1939

Regulations Pertaining to Cotton Marketing Quotas for the 1939-40 Marketing Year



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1939

CONTENTS

	<i>Page</i>
PART I—MISCELLANEOUS PROVISIONS AND DEFINITIONS	1
Sec. 101. Issuance of forms and instructions and definitions	1
(a) Issuance of forms and instructions	1
(b) Definitions	1
PART II—ALLOTMENTS AND YIELDS	4
Sec. 201. National baleage allotment	4
Sec. 202. State baleage allotments and State acreage allotments	5
(a) State baleage allotment	5
(b) State acreage allotment	5
(c) Minimum State acreage allotment	5
(d) State acreage reserve for new farms	5
(e) Additional fund of four percent of State acreage allotment	5
(f) Increases to provide for minimum farm acreage allotments	5
Sec. 203. County acreage allotments	6
(a) Regular county acreage allotments	6
(b) Administrative areas	6
Sec. 204. Apportionment of acreage allotments among established farms	6
(a) Acreage available for allotment	6
(b) Initial farm acreage allotments	7
(c) Reserve for small farms	7
(d) Apportionment on the basis of tilled land	7
(e) Increases as a result of making initial farm acreage allotments	7
(f) Increases in view of past production	8
(g) Distribution of reserve for small farms	8
(h) Certain minimum and maximum farm acreage allotments	8
(i) Reapportionment of unused farm acreage allotment	8
Sec. 205. Apportionment of acreage allotments among new farms	9
Sec. 206. Normal yields	9
(a) Farms for which normal yields will be established	9
(b) Yields based on reliable records	9
(c) Appraised yields	9
(d) Adjustments in appraised yields	10
Sec. 207. Applicability of detailed instructions	10
PART III—FARM MARKETING QUOTAS	10
Sec. 301. Farm marketing quota	10
(a) Amount of farm marketing quota	10
(b) Initial farm marketing quotas	10
(c) Farm marketing quotas based on actual production	10
Sec. 302. Publication of farm acreage allotments, normal yields, and farm marketing quotas	11
(a) Preparation of form Cotton 310	11
(b) Distribution of form Cotton 310	11
Sec. 303. Notice of farm marketing quotas	11
Sec. 304. Apportionment of farm marketing quotas	12
Sec. 305. Successors in interest	13
Sec. 306. Transfer of marketing quotas	14
Sec. 307. Review of quotas	14
(a) Review committees	14
(b) Court review	14
Sec. 308. Marketing quotas in effect	14
PART IV—MEASUREMENT OF FARMS	14
Sec. 401. Provision for measuring farms	14
Sec. 402. Report of measurements	14

CONTENTS

III

	Page
PART V—MARKETING CARDS AND MARKETING CERTIFICATES	
Sec. 501. Issuing white marketing cards-----	15
(a) Producers on underplanted farms eligible to receive white marketing cards-----	15
(b) Penalty secured-----	15
(c) Farms producing one thousand pounds or less-----	16
(d) Farms producing less than normal production of farm acreage allotment-----	16
(e) Producers not eligible to receive white marketing cards-----	17
Sec. 502. Issuing red marketing cards-----	17
(a) Producers eligible to receive red marketing cards-----	17
(b) Appointment of operator to receive red marketing card in trust for all producers-----	17
(c) Issuing red marketing cards on the basis of an additional apportionment or reapportionment of the farm marketing quota-----	18
Sec. 503. Issuing blue marketing cards-----	19
(a) Producers eligible to receive blue marketing cards-----	19
(b) Appointment of operator to receive blue marketing card in trust for all producers-----	19
Sec. 504. Issuing marketing cards for cotton pledged as security for a Commodity Credit Corporation loan-----	20
Sec. 505. Issuing marketing cards for multiple farms-----	20
(a) Issuing white marketing cards-----	20
(b) Issuing red marketing cards-----	20
(c) Farms in other counties-----	21
Sec. 506. Issuing marketing certificates-----	21
Sec. 507. Lost, destroyed, or stolen marketing cards or certificates-----	21
(a) Report of loss, destruction, or theft-----	21
(b) Investigation and findings of county committee-----	22
Sec. 508. Cancellation of marketing cards or certificates issued in error-----	22
PART VI—IDENTIFICATION OF COTTON	23
Sec. 601. Identification where no marketing card or certificate is presented-----	23
Sec. 602. Identification by white marketing cards-----	23
Sec. 603. Identification by red marketing cards-----	23
Sec. 604. Identification by blue marketing cards-----	24
Sec. 605. Identification by certificate for publicly-owned agricultural experiment stations-----	24
Sec. 606. Identification of long staple cotton-----	24
PART VII—PENALTIES	25
Sec. 701. Penalties in general-----	25
Sec. 702. Farms producing less than 1,000 pounds of lint cotton-----	25
Sec. 703. Long staple cotton-----	25
Sec. 704. Cotton marketed by publicly-owned agricultural experiment stations-----	25
Sec. 705. Payment and collection of penalties-----	26
(a) Time when penalties become due-----	26
(b) Persons liable for collection and payment of penalties-----	26
(c) Payment of a penalty prior to the marketing of cotton-----	26
(d) Manner of collection-----	26
(e) Issuance of receipts for penalties collected-----	26
Sec. 706. Remittance of penalties to the treasurer of the county committee-----	26
(a) Time of remittance-----	26
(b) Form of remittance-----	27
Sec. 707. Securing payment of the penalties upon request-----	27
(a) Methods of securing the penalty-----	27
(b) Execution of bond-----	27
(c) Placing funds in escrow-----	28
(d) Estimating the penalty secured and amount of bond or funds in escrow-----	28
(e) Report to county committee and payment of penalty-----	28
(f) Multiple farms-----	28
(g) Apportionment of farm marketing quota-----	29

PART VII—PENALTIES—Continued.	
Sec. 708. Refunds of money in excess of the penalty-----	29
(a) Conditions under which refunds may be made-----	29
(b) Determination of amounts of refunds-----	29
(c) Certification of refunds-----	30
Sec. 709. Deposit of funds-----	31
Sec. 710. Records and accounts of treasurer of county committee-----	31
Sec. 711. Refund of penalties-----	31
Sec. 712. Report of violations and court proceedings to collect penalty-----	32
PART VIII—RECORDS AND REPORTS.	32
Sec. 801. Records to be kept and reports to be submitted by ginners-----	32
(a) Nature of record and report-----	32
(b) Time of making reports-----	32
(c) Penalty-----	33
Sec. 802. Records to be kept and reports to be submitted by buyers-----	33
(a) Buyer's regular reports-----	33
(b) Buyer's special reports-----	36
(c) Buyer's reports of seed cotton purchased-----	37
(d) Penalties-----	37
Sec. 803. Records to be kept and reports to be submitted by trans- ferees-----	37
Sec. 804. Records to be kept and reports to be submitted by pro- ducers-----	38
(a) Records of individual transactions-----	38
(b) Farm operator's report-----	39
Sec. 805. Data to be kept confidential-----	40
Sec. 806. Enforcement-----	40

APPENDIX

APPLICABLE PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT
OF 1938, AS AMENDED

Sec. 301. Definitions-----	41
Sec. 341. Legislative Findings-----	43
Sec. 342. Finding and proclamation of supplies, and so forth-----	43
Sec. 343. Amount of national allotment-----	44
Sec. 344. Apportionment of national allotment-----	44
Sec. 345. Marketing quotas-----	46
Sec. 346. Amount of farm marketing quotas-----	47
Sec. 347. Referendum-----	47
Sec. 348. Penalties-----	47
Sec. 349. Ineligibility for payments-----	47
Sec. 350. Long staple cotton-----	47
Sec. 362. Publication and notice of quota-----	47
Sec. 363. Review by review committee-----	48
Sec. 364. Review committee-----	48
Sec. 365. Institution of proceedings-----	48
Sec. 366. Court review-----	48
Sec. 367. Stay of proceedings and exclusive jurisdiction-----	48
Sec. 368. No effect on other quotas-----	49
Sec. 371. General adjustments of quotas-----	49
Sec. 372. Payment and collection of penalties-----	49
Sec. 373. Reports and records-----	50
Sec. 374. Measurement of farms and report of plantings-----	50
Sec. 375. Regulation-----	50
Sec. 376. Court jurisdiction-----	50
Sec. 388. Utilization of local agencies-----	50

REGULATIONS PERTAINING TO COTTON MARKETING QUOTAS FOR THE 1939-1940 MARKETING YEAR¹

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by Title III of the Agricultural Adjustment Act of 1938 (Public Law No. 430, 75th Congress, approved February 16, 1938) as amended, I do make, prescribe, publish, and give public notice of the following regulations governing cotton marketing quotas for the 1939-1940 marketing year, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture under said Act.²

PART I. MISCELLANEOUS PROVISIONS AND DEFINITIONS

SECTION 101.—ISSUANCE OF FORMS AND INSTRUCTIONS AND DEFINITIONS

(a) **Issuance of forms and instructions.**—The Administrator of the Agricultural Adjustment Administration shall cause to be prepared and issued with his approval such instructions (as parts of the general series referred to in Sec. 207) and such forms as may be required to carry out these regulations. Copies of such forms and necessary instructions shall be furnished free to persons needing them upon request made to the office of the appropriate county committee.

(b) **Definitions.**—As used in these regulations and in all forms and documents in connection therewith, unless the context or subject matter otherwise requires, the following terms shall have the following meanings and the masculine shall include the feminine and neuter genders and the singular shall include the plural number:

(1) **Act.**—The Agricultural Adjustment Act of 1938 and any amendments thereto.

(2) **Secretary of Agriculture.**—The Secretary of Agriculture of the United States.

(3) **Administrator.**—The Administrator of the Agricultural Adjustment Administration of the United States Department of Agriculture.

(4) **Regional Director.**—The director of the division of the Agricultural Adjustment Administration in charge of the administration of Sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act (49 Stat. 1148) in the region.

¹ Parts I and II were issued by the Secretary on December 20, 1938. Item (23) of Sec. 101 (b) was amended by the Secretary on April 29, 1939; items (41) through (47) of Sec. 101 (b), Sec. 204 (i), and Parts III through VIII were issued by the Secretary on April 29, 1939.

² Unless otherwise indicated, all references in the text to sections relate to these regulations. All section references at the end of paragraphs are to sections of the Agricultural Adjustment Act of 1938, as amended (Public Law No. 430, 75th Congress, approved February 16, 1938, 52 Stat. 31).

(5) **Southern Region.**—The area included in the States of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, and Texas.

(6) **East Central Region.**—The area included in the States of Delaware, Kentucky, Maryland, North Carolina, Tennessee, Virginia, and West Virginia.

(7) **Western Region.**—The area included in the States of Arizona, California, Colorado, Idaho, Kansas, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming.

(8) **North Central Region.**—The area included in the States of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.

(9) **State Committee.**—The group of persons designated within any State to assist in the administration of Sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act.

(10) **Committee.**—A committee within a county or community utilized under Sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act. "County committee", "community committee", or "local committee" shall have corresponding meanings in the connection in which they are used.

(11) **Review Committee.**—The review committee appointed by the Secretary of Agriculture as provided in Section 363 of the Act.

(12) **Person.**—An individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of a State. The term "person" shall include two or more persons having a joint or common interest.

(13) **Owner or landlord.**—A person who owns farm land and rents such land to another person or who operates such land.

(14) **Cash tenant or standing-rent tenant or fixed-rent tenant.**—A person who rents land from another for a fixed amount of cash or a commodity to be paid as rent.

(15) **Share tenant.**—A person other than a sharecropper who rents land from another person and pays as rent a share of the crops or the proceeds thereof.

(16) **Sharecropper.**—A person who works a farm in whole or in part under the general supervision of the operator and is entitled to receive for his labor a share of a crop produced thereon or the proceeds thereof.

(17) **Operator.**—A person who as a landlord or cash tenant or standing or fixed-rent tenant is operating a farm or who as a share tenant is operating a whole farm.

(18) **Producer or farmer.**—A person who is entitled to a proportionate share of the cotton crop, or the proceeds thereof, produced on the farm in 1939, as owner, landlord, cash tenant, standing-rent tenant, fixed-rent tenant, share tenant, or sharecropper. The term "producer" or "farmer" also includes a wage hand (or cropper) who as a laborer on a farm instead of receiving daily or other cash wages for his labor receives either all the cotton produced by him or another on an agreed or specified acreage or all the cotton produced on an agreed or specified portion of the acreage cultivated by him or another.

(19) **Buyer.**—A person who buys cotton from a producer.

(20) **Transferee.**—A person who receives cotton from a producer by barter or exchange.

(21) **Ginner.**—A person who gins cotton.

(22) **Treasurer of the County Committee.**—The treasurer of the county agricultural conservation association or the treasurer of the county committee, as the case may be.

(23) **Farm.**—All adjacent or nearby farm land under the same ownership which is operated by one person, including also:

(i) Any other adjacent or nearby farm land which the county committee, in accordance with instructions issued by the Agricultural Adjustment Administration, determines is operated by the same person as part of the same unit with respect to the rotation of crops and with workstock, farm machinery, and labor substantially separate from that for any other land, and

(ii) Any field-rented tract (whether operated by the same or another person) which, together with any other land included in the farm, constitutes a unit with respect to the rotation of crops.

A farm shall be regarded as located in the county or administrative area, as the case may be, in which the principal dwelling is situated, or if there is no dwelling thereon, it shall be regarded as located in the county or administrative area, as the case may be, in which the major portion of the farm is located.

(24) **Farm marketing quota.**—A cotton marketing quota established for a farm under Section 346 (a) of the Act.

(25) **Producer marketing quota.**—A producer's share of a farm marketing quota.

(26) **Farm acreage allotment.**—A cotton acreage allotment established for a farm under section 204 or 205 of these regulations.

(27) **Normal yield per acre of lint cotton.**—The number of pounds of lint cotton established as the normal yield for the farm in accordance with section 206.

(28) **Actual production** of any number of acres of cotton on a farm. The actual average yield of lint cotton for the farm for 1939 times such number of acres.

(29) **Normal production** as applied to any number of acres of cotton. The normal yield per acre of lint cotton for the farm times such number of acres.

(30) **Cotton.**—Any cotton other than long staple cotton.

(31) **Long staple cotton.**—Cotton the staple of which is 1½ inches or more in length.

(32) **Lint cotton.**—The fiber taken from seed cotton by ginning.

(33) **Seed cotton.**—The harvested fruit of the cotton plant before it is ginned.

(34) **Ginning.**—Separating lint cotton from the seed.

(35) **Market.**—To dispose of by sale, barter, or exchange.

(i) The term "sale" means any transfer of title to cotton by a producer to another by any means other than barter or exchange.

(ii) The terms "barter" and "exchange" means transfer of title to cotton by a producer to another in return for cotton or other commodities, services, or property in cases where the value of the cotton or such other commodities, services, or prop-

erty is not considered in terms of money, or the transfer of title to cotton by a producer to another in payment of a fixed rental or other charge for land.

(iii) "Marketed", "marketing", and "for market", shall have corresponding meanings to the term "market" in the connection in which they are used.

(36) **Marketing year.**—The period beginning on August 1, 1939, and ending with July 31, 1940, both dates inclusive.

(37) **Penalty.**—The penalty provided in Section 348 of the Act.

(38) **State and county code number.**—The applicable number assigned by the Agricultural Adjustment Administration to each county for the purpose of identification.

(39) **Serial number of the farm or farm serial number.**—The serial number assigned to a farm.

(40) **Gin bale number or mark.**—The number on the bale tag or any mark made or used by the ginner to identify a bale of cotton.

(41) **Underplanted farm.**—A farm on which the acreage planted to cotton in 1939 is not in excess of the farm acreage allotment established therefor.

(42) **Overplanted farm.**—A farm on which the acreage planted to cotton in 1939 is in excess of the farm acreage allotment established therefor.

(43) **Carry-over penalty cotton.**—The amount of cotton from any previous crop which a producer has on hand which, if marketed during the 1938-1939 marketing year, would have been subject to the penalty.

(44) **Carry-over penalty free cotton.**—The amount of cotton from any previous crop which a producer has on hand which, if marketed during the 1938-1939 marketing year, would not have been subject to the penalty.

(45) **A white marketing card.**—A white marketing card is form Cotton 311.

(46) **A red marketing card.**—A red marketing card is form Cotton 312.

(47) **A blue marketing card.**—A blue marketing card is form Cotton 314. [Sec. 375.]

PART II. ALLOTMENTS AND YIELDS

SEC. 201.—NATIONAL BALEAGE ALLOTMENT

The national allotment of cotton for the calendar year beginning January 1, 1939, is 10,000,000 standard bales of 500 pounds gross weight, increased by that number of standard bales of 500 pounds gross weight equal to the production in 1939 of that number of acres required to be allotted for 1939 as set forth in Sec. 202 (c), relating to minimum State acreage allotments, and in Sec. 203 (b), relating to minimum county acreage allotments. The production in 1939 of the acreage allotment referred to in Sec. 202 (e), relating to a special fund of acreage allotments consisting of 4 percent of the State acreage allotment, and in Sec. 202 (f), relating to minimum farm acreage allotments, shall be in addition to such national allotment. [Sec. 343 (a), (b), and (c).]

SEC. 202.—STATE BALEAGE ALLOTMENTS AND STATE ACREAGE
ALLOTMENTS

(a) **State baleage allotment.**—Ten million standard bales of the national baleage allotment of cotton for the calendar year 1939 shall be apportioned among the several States on the basis of the average of the normal production of cotton in each State for the five years 1933 to 1937. The normal production of a State for each such year shall be (1) the quantity of cotton produced therein in such year plus (2) the normal production of the acres diverted from the production of cotton in all counties in the State under the agricultural adjustment or conservation program in such year. The normal production of the acres diverted from the production of cotton in any county in any year shall be the average yield per acre of the acres planted to cotton in such county in such year times the number of acres so diverted in such county in such year. [Sec. 344 (a).]

(b) **State acreage allotment.**—A State acreage allotment shall be established for each State to which an allotment is made under paragraph (a). The State acreage allotment shall be that number of acres equal to the result obtained by dividing the number of standard bales allotted to the State under paragraph (a) by the average yield per acre for the State expressed in standard bales. The average yield per acre for any State shall be determined on the basis of the average of the normal production for the State for the five years 1933 to 1937 and the average, for the same period, of the acres diverted from the production of cotton in the State under the agricultural adjustment or conservation programs and the acres planted to cotton. [Sec. 344 (b).]

(c) **Minimum State acreage allotment.**—Notwithstanding the foregoing provisions of this section, the State acreage allotment for any State which is less than 5,000 acres shall be increased to 5,000 acres if at least 3,500 bales of cotton were produced in such State in any of the five years 1934 to 1938. [Sec. 344 (e) (2).]

(d) **State acreage reserve for new farms.**—An acreage not greater than two percent of the State acreage allotment shall be made available for apportionment to farms in the State on which cotton was not planted in any one of the three years 1936, 1937, and 1938. [Sec. 344 (c) (2).]

(e) **Additional fund of four percent of State acreage allotment.**—In addition to the State acreage allotment, a special fund of acreage allotments equal to 4 percent of the State acreage allotment shall be established for each State for apportionment as set forth in Sec. 204 (b), (e), and (f). [Sec. 344 (g).]

(f) **Increases to provide for minimum farm acreage allotments.**—There shall be available in each State for allotment to farms that number of acres equal to the total amount by which farm acreage allotments in the State are increased as set forth in Sec. 204 (h), relating to certain minimum and maximum farm acreage allotments. This increase shall be in addition to the State acreage allotment and the special fund of acreage allotments equal to 4 percent of the State acreage allotment. [Sec. 344 (h).]

SEC. 203.—COUNTY ACREAGE ALLOTMENTS

(a) **Regular county acreage allotments.**—The State acreage allotment (less that part set aside under Sec. 202 (d) for apportionment to new farms) shall be apportioned among the counties in the State on the basis of the sum of (1) the acreage therein planted to cotton during the five years 1933 to 1937 and (2), in the applicable years, the acreage therein diverted from the production of cotton under agricultural adjustment and conservation programs, with adjustments for abnormal weather conditions and trends in acreage during such five-year period. The acreage allotment for each county to which an allotment is so apportioned shall be increased by the number of acres, if any, required to provide an acreage allotment for each such county of not less than 60 percent of the sum of (1) the acreage therein planted to cotton in 1937, and (2) the acreage therein diverted from the production of cotton in 1937 under the agricultural conservation program. [Sec. 344 (c) (1), Sec. 344 (e) (1).]

(b) **Administrative areas.**—If in any county there are one or more areas which, because of difference in types, kinds, and productivity of the soil or other conditions, should be treated separately in order to prevent discrimination, each such area shall, in accordance with applicable instructions, be designated by the county committee and the county acreage allotment shall be apportioned among such areas (1) on the basis of the acreage in each such area planted to cotton in 1937 plus the acreage therein diverted from the production of cotton in 1937 under the agricultural conservation program, or (2) if conditions affecting the acreage planted to cotton were not reasonably uniform throughout the county in 1937, on the basis of the cotton base acreage in each such area which was or could have been established in 1937 under the agricultural conservation program. [Sec. 344 (f).]

SEC. 204.—APPORTIONMENT OF ACREAGE ALLOTMENTS AMONG ESTABLISHED FARMS

(a) **Acreage available for allotment.**—The county committee, with the assistance of other local committees established in the county, shall apportion, in the manner set forth in this section, acreage allotments among all farms in the county on which cotton was planted in any one of the three years 1936 to 1938. The acreage allotments to be apportioned among such farms shall consist of (1) the regular county acreage allotment, consisting of an apportionment of the State acreage allotment made to the county, with such increase in the county acreage allotment as is necessary to provide for the county a minimum acreage allotment of not less than 60 percent of the planted plus diverted cotton acreage in the county in 1937, and (2) a distributive part, applicable to the county, of the special fund of acreage allotments consisting of that amount which is equal to 4 percent of the State acreage allotment. This distributive part, hereinafter referred to as the "special fund", is to be applied, insofar as the amount thereof will permit, and in the following order: (a) in supplying any deficiency in the regular county acreage allotment for the making of initial acreage allotments not exceeding five acres for each such farm; (b) in supplementing any acreage allotment made to any farm out of

the regular county acreage allotment which, in consequence of the making of such initial acreage allotments, is inadequate and unrepresentative, and (c) in supplementing any acreage allotment made to any farm under this section which the county committee determines, in accordance with applicable instructions, is inadequate and unrepresentative. The committee shall not establish any farm acreage allotment which is not covered by the allotments mentioned above, except that after but not before the apportionment among farms of all the allotments mentioned above in this paragraph an additional farm acreage allotment shall be made, as set forth in paragraph (h), to any farm in respect to which the acreage allotment otherwise made is less than the minimum acreage allotment set forth in paragraph (h). The term "planted plus diverted cotton acreage", as used in this section, shall be taken to mean the sum of the acreage planted in cotton and the acreage diverted from cotton production under agricultural adjustment of conservation programs. [Sec. 344 (d), (e), (f), (g), (h).]

(b) **Initial farm acreage allotments.**—The regular county acreage allotment shall be first apportioned among farms on which cotton was planted in any one of the three years 1936 to 1938, inclusive, and in making such apportionment there shall be first established for each such farm an initial acreage allotment equal to the highest planted plus diverted cotton acreage on the farm in any one of the three years 1936 to 1938, provided that no initial allotment shall exceed five acres for any such farm. These allotments shall be known as initial allotments and are referred to accordingly in this section. Any deficiency in the amount of the regular county acreage allotment for the making of such initial allotments shall be supplied by the use of the special fund of acreage allotments, insofar as said fund will permit. [Sec. 344 (d) (1), Sec. 344 (g) (1).]

(c) **Reserve for small farms.**—In the event that the regular county acreage allotment is more than sufficient to make the initial allotments, there shall be set aside for increase of allotments to small farms, as set forth in paragraph (g), an amount of not more than 3 percent of that amount of the regular county acreage allotment which remains after making the initial allotments. [Sec. 344 (d) (2).]

(d) **Apportionment on the basis of tilled land.**—The remainder of the regular county acreage allotment shall be apportioned among all farms on which the highest planted plus diverted cotton acreage in any one of the three years 1936 to 1938 was more than five acres. The acreage thus to be apportioned to each such farm shall, together with the initial allotment made to the farm, be a percentage (which shall be the same percentage for all farms in the county or administrative area within the county) of the acreage on the farm in 1938 which was tilled or was in regular rotation, excluding therefrom the acreage devoted to the production of sugarcane for sugar, wheat, tobacco, or rice for market, or wheat or rice for feeding to livestock for market. [Sec. 344 (d) (3).]

(e) **Increases as a result of making initial farm acreage allotments.**—If, as a result of the making of initial allotments, the farm acreage allotments for farms made in accordance with paragraph (d) are substantially smaller than the farm acreage allotments which

would have been made without regard to any provision for the making of initial allotments, the farm acreage allotments to such farms shall be increased to the acreage which would have resulted in the absence of any provision for the making of initial allotments, insofar as any portion of the special fund of acreage allotments not used in the making of initial allotments will permit. [Sec. 344 (g) (2).]

(f) **Increases in view of past production.**—After allotments have been made from the special fund as provided in paragraphs (b) and (e), one-half of the remainder, if any, of the special fund shall be apportioned to farms for which the acreage allotment otherwise determined is less than 50 percent of the planted plus diverted cotton acreage on the farm in 1937, and the other one-half of the remainder, if any, of the special fund shall be available for increasing the allotments for any farms which are determined, in accordance with applicable instructions, to be inadequate and not representative in view of past production on the farm: Provided, That the cotton acreage allotment for any farm shall not be increased under this paragraph (f) above 40 percent of the acreage on such farm in 1938 which was tilled or was in regular rotation. [Sec. 344 (g) (3).]

(g) **Distribution of reserve for small farms.**—Any farm acreage allotment made as aforesaid of more than five acres, but not exceeding 15 acres, may be increased from the reserve of not more than 3 percent of the county acreage allotment mentioned in paragraph (c). In making such increase due consideration shall be given to, and such allotments shall be made on the basis of, the land, labor, and equipment available for the production of cotton, crop rotation practices, and the soil and other facilities affecting the production of cotton. [Sec. 344 (d) (2).]

(h) **Certain minimum and maximum farm acreage allotments.**—Notwithstanding any other provision of this section, (1) the farm acreage allotment made to any farm shall not exceed the highest planted plus diverted cotton acreage in any one of the three years, 1936 to 1938, and (2) any farm acreage allotment which after but not before the apportionment of all acreage allotments, as provided in the foregoing paragraphs of this section, is less than 50 percent of the planted plus diverted cotton acreage on the farm in 1937, shall be increased to such amount, provided that such increase shall not be so made as to raise the farm acreage allotment of the farm above 40 percent of the acreage on the farm in 1938 which was tilled or was in regular rotation. The acreage allotments required to effect this minimum provision shall be in addition to all acreage allotments represented by the regular county acreage allotment and by the special fund of acreage allotments. [Sec. 344 (d) (3), Sec. 344 (h).]

(i) **Reapportionment of unused farm acreage allotment.**—After making the allotments under this section, any part of the acreage allotted to individual farms which it is determined, in accordance with applicable instructions, will not be planted to cotton in 1939, shall be deducted from the allotments to such farms and may be apportioned in accordance with applicable instructions, preference being given to farms in the same county receiving allotments which are inadequate and not representative in view of the past

production of cotton on each farm. Notwithstanding the foregoing provisions of this paragraph, the acreage shall be apportioned to those farms designated by the county committee. In designating the farm to which the apportionment is to be made, the county committee shall consider only the character and adaptability of the soil and other physical facilities affecting the production of cotton and the need of the operator of such farm for an additional allotment to meet the requirement of the families engaged in the production of cotton in 1939 on the farm. Any transfer of allotments for 1939 as set forth in this paragraph shall not affect apportionment for any subsequent year. [Sec. 344 (h).]

SEC. 205.—APPORTIONMENT OF ACREAGE ALLOTMENTS AMONG NEW FARMS

The county committee, with the assistance of other local committees, shall, in accordance with applicable instructions, apportion among farms on which cotton was not planted in any one of the three years 1936 to 1938 and on which cotton will be planted in 1939 the distributive part, applicable to the county, of acreage allotments which constitute a reserve of not more than 2 percent of the State acreage allotment. The basis of the apportionment shall be the land, labor, and equipment available on the farm for the production of cotton, crop rotation practices, and the soil and other physical facilities affecting the production of cotton thereon. The acreage on the farm which will be tilled in 1939 or was tilled in 1938 shall, as a reflection of said factors, be regarded as the basic index of the farm's capacity for cotton production. [Sec. 344. (c) (2).]

SEC. 206.—NORMAL YIELDS

(a) **Farms for which normal yields will be established.**—The county committee, with the assistance of the other local committees established in the county, shall determine the normal yield per acre of lint cotton for each farm for which a farm acreage allotment is established.

(b) **Yields based on reliable records.**—Where reliable records of the actual average yield of lint cotton per acre for all of the five years 1934 to 1938 are presented by the farmer or are available to the committee, the normal yield per acre of lint cotton for the farm shall be the average of such yields, adjusted, in accordance with applicable instructions, for abnormal weather conditions.

(c) **Appraised yields.**—If for any year of the five-year period 1934 to 1938 (1) records of the actual average yield are not available, or (2) there was no actual yield because cotton was not planted in such year, the normal yield per acre of lint cotton for the farm shall be appraised by the county committee, taking into consideration the normal yield for the county, the yield in the years for which data are available, and the rainfall, temperature, and other weather conditions during the years for which data are available as compared with those for which data are not available, provided the appraised yield so obtained shall be adjusted in accordance with paragraph (d).

(d) **Adjustments in appraised yields.**—The yields determined under paragraph (c) shall be adjusted so that the average of the normal yields per acre of lint cotton determined for all farms in the county or local administrative area therein (weighted by the cotton acreage allotments established for such farms) shall conform to but not exceed the county or administrative area normal yield per acre of lint cotton established for 1939 by the Secretary of Agriculture. (Sec. 301 (b) (13) (B) and (E), 52 Stat. 38.)

SEC. 207.—APPLICABILITY OF DETAILED INSTRUCTIONS

The provisions of Sec. 201 through Sec. 206 shall be carried out in detail in accordance with the provisions of Part I, "Determining 1939 Farm Cotton Acreage Allotments and Yields", of the following instructions applicable to the regions indicated below:

Southern Region.—Cotton 308-SR, "Instructions Pertaining to Cotton Marketing Quotas for 1939".

East Central Region.—Cotton 308-ECR, "Instructions Pertaining to Cotton Marketing Quotas for 1939".

Western Region.—Cotton 308-WR, "Instructions Pertaining to Cotton Marketing Quotas for 1939".

North Central Region.—Cotton 308-NCR, "Instructions Pertaining to Cotton Marketing Quotas for 1939". (Sec. 375, 52 Stat. 66.)

PART III. FARM MARKETING QUOTAS

SEC. 301.—FARM MARKETING QUOTA

(a) **Amount of farm marketing quota.**—The farm marketing quota for any farm for the 1939-1940 market year shall be that number of pounds of lint cotton equal to the sum of the following:

(1) The amount of the normal production or the actual production, whichever is the greater, of the farm acreage allotment, and

(2) The amount of any carry-over penalty free cotton.

(b) **Initial farm marketing quotas.**—Notwithstanding the foregoing provisions of this section, the amount of the normal production of the farm acreage allotment, plus the amount of any carry-over penalty free cotton, shall be considered to be the farm marketing quota for any farm, unless and until it is determined by the county committee that the actual production of the farm acreage allotment for such farm is in excess of the normal production of the farm acreage allotment.

(c) **Farm marketing quotas based on actual production.**—When the actual production for 1939 of the farm acreage allotment for any farm, as shown by the reports of cotton ginned from the farm or other satisfactory evidence, is found by the county committee to be in excess of the normal production of the farm acreage allotment, the farm marketing quota for the farm shall be adjusted upward by the amount by which the actual production of the farm acreage allotment exceeds the normal production thereof. Such adjustment shall be made as soon as practicable after all the cotton produced on the farm in 1939 has been harvested and satisfactory records pertaining thereto have been presented to or are available to the county committee; however, intermediate adjustments with respect to any farm may be made earlier if requested by the operator

of the farm and deemed by the county committee to be justifiable on the basis of the amount of cotton produced on the farm in 1939 that has been harvested at the time of the request. [Sec. 346 (a).]

SEC. 302.—PUBLICATION OF FARM ACREAGE ALLOTMENTS, NORMAL YIELDS, AND FARM MARKETING QUOTAS

(a) **Preparation of form Cotton 310.**—Immediately upon the establishment of farm acreage allotments and the determination of normal yields per acre of lint cotton for farms in a county or other local administrative area, the county committee shall cause to be prepared a list on form Cotton 310 showing the calendar year for which the farm acreage allotments are made and the marketing year for which the farm marketing quotas shown are in effect and giving for each farm for which a farm acreage allotment is established (1) the farm serial number, (2) the name of the owner or operator, (3) the legal description or location of the farm or the name by which it is commonly known, (4) the farm acreage allotment, (5) the normal yield per acre of lint cotton, and (6) the farm marketing quota (for the purpose of publishing farm marketing quotas, the farm marketing quota for each farm shall be expressed in terms of the normal production of the farm acreage allotment).

(b) **Distribution of form Cotton 310.**—A copy of the list prepared on form Cotton 310 shall be permanently kept freely available for public inspection in the office of the county committee and a copy of it shall be posted for not less than thirty calendar days in a conspicuous place in the county (or in each local administrative area in the county if the county is divided into two or more local administrative areas for the purposes of the cotton marketing quota provisions of the Act). Another copy of form Cotton 310 shall be furnished to the county agricultural extension agent in the county, who shall keep the list permanently available for public inspection in his office. Each list on form Cotton 310, or copy thereof, shall be plainly marked on the front page "Property of the Government of the United States—must not be removed, taken, carried away, mutilated, altered, destroyed, or concealed". [Sec. 362.]

SEC. 303.—NOTICE OF FARM MARKETING QUOTAS

Immediately upon the establishment of farm acreage allotments and the determination of normal yields per acre of lint cotton for farms in a county or other local administrative area, the county committee shall cause to be mailed to the operator of each farm for which a farm acreage allotment was established a written notice on form Cotton 309 of the farm marketing quota for the farm. The notice shall contain at or near the top thereof the following statement: "To all persons who as operator, landlord, tenant, or sharecropper are interested in the farm for which this quota is established". Notice so given shall constitute notice to all such persons. The notice shall contain the information required by Sec. 302 to be contained in the list of farm acreage allotments, normal yields per acre of lint cotton, and farm marketing quotas for publication, together with a

brief statement to the effect that the amount of the farm marketing quota for the farm is the number of pounds of lint cotton equal to the amount of the normal production of the farm acreage allotment plus the amount of any carry-over penalty free cotton plus the amount, if any, by which the actual production of the farm acreage allotment exceeds the normal production thereof. The notice shall contain also on the face or back thereof a statement of the procedure whereby application for review of the quota may be made under Section 363 of the Act. A copy of each notice on form Cotton 309, containing a notation thereon of the date of mailing the notice to the operator of the farm, shall be kept among the records of the county committee, and upon request a copy thereof, duly certified as true and correct, shall be furnished without charge to any person who as operator, landlord, tenant, or sharecropper is interested in the cotton produced in 1939 on the farm with respect to which the notice was given. [Sec. 362.]

SEC. 304.—APPORTIONMENT OF FARM MARKETING QUOTAS

The county committee shall apportion to each producer on the farm a share of the farm marketing quota (such share being herein referred to as "producer marketing quota") in accordance with the following:

(1) The producer marketing quota for each producer shall first be determined, as soon as practicable after measurements with respect to the farm have been made, to be such proportion of the normal production of the farm acreage allotment for the farm that his share of the acreage planted to cotton in 1939 on the farm bears to the total acreage planted to cotton in 1939 on the farm.

(2) If a final adjustment is made in the amount of the farm marketing quota on the basis of actual production as set forth in Sec. 301 (c), or if the farm marketing quota is finally determined to be the normal production of the farm acreage allotment plus the amount of any carry-over penalty free cotton and the actual production of the acreage planted to cotton in 1939 on the farm is in excess of the normal production of the farm acreage allotment, the producer marketing quota previously determined for each producer shall be adjusted to be such proportion of the farm marketing quota that the amount of his share of the production in 1939 on the farm bears to the total production in 1939 on the farm. If an intermediate adjustment in the farm marketing quota based on actual production is made as set forth in Sec. 301 (c), the producer marketing quota for each producer shall be increased in the same proportion that the farm marketing quota was increased. In making adjustments in producer marketing quotas under this item, no producer on the farm who produces in 1939 more than the amount of the producer marketing quota previously apportioned to him shall have his producer marketing quota reduced, and any part of the producer marketing quota of any producer on the farm which is in excess of his share in the actual production in 1939 on the farm plus any carry-over penalty cotton which he has marketed at the time of the reapportionment shall be reapportioned to the other producer or producers on the farm. The adjustments provided for in this item shall be made only

if they will result in a change in the amount of any producer marketing quota.

(3) If the actual production of the acreage planted to cotton on the farm in 1939 does not exceed the normal production of the farm acreage allotment, the producer marketing quota for each producer on such farm shall be adjusted so as to be equal to the amount of his share in such actual production. In case any producer on such a farm has any carry-over penalty cotton, the amount by which the normal production of the farm acreage allotment exceeds the actual production of the acreage planted to cotton in 1939 on the farm plus the carry-over penalty cotton which each such producer has marketed shall be apportioned to the producers on the farm who have carry-over penalty cotton in proportion to the amount of such cotton which each such producer has.

(4) If any producer on a farm complains in writing to the county committee that the apportionment of the farm marketing quota to producers as originally determined under item (1), or as adjusted under item (2) or item (3), is not fair and equitable because of variations in productivity, the acreage planted to cotton by each producer, crop failure, or any other cause, and the county committee has good ground to believe that any complaint so made is well-founded, it shall review the apportionment made under item (1), item (2), or item (3), as the case may be, and, if it finds that such apportionment is not fair and equitable, shall reapportion the farm marketing quota among the various producers on the farm in a manner which, in view of all the facts adduced, is fair and equitable to all producers on the farm.

(5) There shall be added to and made a part of any producer marketing quota, as determined in accordance with this section, the amount of any carry-over penalty free cotton which the county committee determines, in accordance with applicable instructions, that the producer has at the time of the determination.

(6) Notwithstanding the foregoing provisions of this section, if no producer on an underplanted farm has any carry-over penalty cotton, each producer shall be entitled to a share of the farm marketing quota equal to the amount of his share in the cotton produced thereon in 1939 plus the amount of any carry-over penalty free cotton which he has on hand. The county committee shall not apportion the farm marketing quota for such farm among the producers thereon, as provided in the foregoing provisions of this section, unless and until a red marketing card is to be issued or a blue marketing card is to be issued to a producer on the farm.

(7) The producer marketing quota or the sum of all the producer marketing quotas with respect to any farm shall not exceed the sum of (a) the normal production of the farm acreage allotment or the actual production of the farm acreage allotment, whichever is the greater, and (b) the amount of any carry-over penalty free cotton. [Sec. 375 (b).]

SEC. 305.—SUCCESSORS IN INTEREST

Any person who succeeds to the interest of a producer in a farm or in a cotton crop or cotton for which a farm marketing quota has been established shall, to the same extent as his predecessor, be en-

titled to all the rights and privileges incident to such marketing quota and be subject to the restrictions on the marketing of cotton. [Sec. 375 (b).]

SEC. 306.—TRANSFER OF MARKETING QUOTAS

A farm marketing quota is established with respect to a farm and may not be assigned or otherwise transferred in whole or in part to any other farm. A producer marketing quota may not be assigned or otherwise transferred in whole or in part, except that it may be reapportioned among producers on a farm as set forth in these regulations. [Sec. 375 (b).]

SEC. 307.—REVIEW OF QUOTAS

(a) **Review committees.**—Any producer who is dissatisfied with the farm marketing quota established for his farm may, by making application within 15 days after the mailing to him of the notice on form Cotton 309 provided for in Sec. 303, have such quota reviewed by a local review committee composed of three farmers appointed by the Secretary of Agriculture. Unless such application is made within 15 days the original determination of the farm marketing quota shall be final. All applications for review shall be made in accordance with the Review Regulations (38-A.A.A.-2) issued by the Secretary of Agriculture. [Secs. 363 and 364.]

(b) **Court review.**—If the producer is dissatisfied with the determination of the review committee he may, within 15 days after notice is mailed to him by registered mail, file a bill in equity against the review committee to have the determination of the review committee reviewed by a court in accordance with Section 365 of the Act. [Secs. 365 and 366.]

SEC. 308.—MARKETING QUOTAS IN EFFECT

Marketing quotas shall be in effect during the 1939-1940 marketing year with respect to the marketing of cotton. Cotton produced in the calendar year 1939 shall be subject to the quotas in effect notwithstanding that it may be marketed prior to August 1, 1939. [Sec. 345.]

PART IV. MEASUREMENT OF FARMS

SEC. 401.—PROVISION FOR MEASURING FARMS

The county committee shall provide for measuring each farm in the county for which a farm acreage allotment was established, for the purpose of ascertaining whether the acreage planted thereon to cotton in 1939 is in excess of the farm acreage allotment established therefor. The measuring of any farm shall be done in accordance with the established procedure used by the Agricultural Adjustment Administration. [Sec. 374.]

SEC. 402.—REPORT OF MEASUREMENTS

The county committee shall keep a record of the measurements made on all farms and shall file promptly with the State committee

a written report on form Cotton 318 setting forth for each overplanted farm (1) the farm serial number, (2) the name of the operator, (3) the name of each person having an interest in the cotton crop produced thereon in 1939 or in the proceeds thereof, (4) the total acreage in cultivation in 1939, (5) the farm acreage allotment, and (6) the acreage planted to cotton in 1939. [Sec. 374.]

PART V. MARKETING CARDS AND MARKETING CERTIFICATES

SEC. 501.—ISSUING WHITE MARKETING CARDS

(a) **Producers on underplanted farms eligible to receive white marketing cards.**—As soon as practicable after measurements have been made as provided in Sec. 401, the county committee shall, except as provided in paragraph (e), issue a white marketing card (form Cotton 311) to the operator of each underplanted farm on which the county committee determines that there is no producer who has carry-over penalty cotton and, unless the county committee finds that it will not serve a useful purpose, to other producers on the farm, as evidence that the operator and all other producers on the farm may market without penalty all cotton (including cotton produced from seed of a pure strain of Sea Island or American-Egyptian cotton) produced thereon in 1939 and the amount of carry-over penalty free cotton. Each white marketing card shall show (1) the name and address of the operator, (2) the name and address of the producer, if other than the operator, to whom issued, (3) the State and county code and serial number of the farm, (4) the signature of a member of the county committee signing for the county committee, (5) the countersignature of the operator or other producer to whom the card is issued, or his duly authorized agent, and (6) any other information which the county committee considers to be necessary in identifying the farm on which the cotton was produced.

(b) **Penalty secured.**—If the county committee (1) has made an estimate of the amount of cotton to be produced in excess of the farm marketing quota in 1939 on any overplanted farm and has ascertained the amount of cotton which the producers have on hand from any previous crop, or (2) has ascertained the amount of carry-over penalty cotton for an underplanted farm, and (3) determines that the payment of the penalty as estimated has been secured, as provided for in Sec. 707, it may issue a white marketing card to the operator and, unless the county committee finds that it will not serve a useful purpose, to other producers on the farm, as evidence that such operator and other producers may market all cotton produced in 1939 on the farm and cotton from any previous crop which they have on hand without paying any penalty at the time of marketing. A marketing card issued under this paragraph shall be evidence of the fact that the penalty, if any, shall be paid as provided for in Sec. 707 and shall show information comparable to that provided to be shown on a marketing card issued under paragraph (a), except that the words "Penalty Secured" shall be endorsed in bold characters across its face. The county committee shall not issue a white marketing card under this paragraph to any producer on the farm unless and until all marketing cards previously issued in respect thereto have been returned to and canceled by the county committee

by endorsing thereon in bold characters the notation "Canceled". Any marketing card issued pursuant to this paragraph shall be issued upon the condition that any producer to or for whom it is issued shall nevertheless be subject to the penalty with respect to the marketing of cotton in excess of the farm marketing quota for the farm.

(c) **Farms producing one thousand pounds or less.**—The county committee may, upon request, issue to any producer on an over-planted farm a white marketing card as evidence of the fact that, notwithstanding the amount of the marketing quota for the farm, there may be marketed, without regard to the manner prescribed in Sec. 705 and Sec. 706 for the payment, collection, and remittance of penalties, the entire amount of the cotton produced on the farm in 1939 plus the amount of cotton from any previous crop which the producers thereon have on hand, if the county committee finds (1) that the actual production or the estimated production in 1939 on the entire farm does not exceed one thousand pounds of lint cotton, and (2) that no producer on the farm has carry-over penalty cotton, and (3) that any marketing card or cards previously issued with respect to such farm have been returned to and canceled by the county committee by endorsing thereon in bold characters the notation "Canceled". A white marketing card issued under this paragraph shall show information comparable to that provided to be shown on a marketing card issued under paragraph (a), except that the words "One Thousand Pounds" shall be endorsed in bold characters across its face. Any white marketing card issued under this paragraph shall be issued upon the condition that any producer to or for whom it is issued shall nevertheless be subject to the penalty with respect to the marketing of cotton in excess of the farm marketing quota for the farm if the total production in 1939 of the farm exceeds one thousand pounds of lint cotton.

(d) **Farms producing less than normal production of farm acreage allotment.**—If the county committee determines that (1) the carry-over penalty cotton plus the estimated production of the acreage planted to cotton in 1939 on the farm will not exceed the normal production of the farm acreage allotment therefor, and (2) in view of all the facts, the issuance of a white marketing card is justifiable, the county committee may issue a white marketing card to the operator and, unless the county committee finds that it will not serve a useful purpose, to other producers on the farm, as evidence that such operator and other producers may market all cotton produced in 1939 on the farm and cotton from any previous crop which they have on hand without paying any penalty at the time of marketing. A marketing card issued under this paragraph shall show information comparable to that provided to be shown on a marketing card issued under paragraph (a), except that the words "Penalty Secured" shall be endorsed in bold characters across its face. The county committee shall not issue a white marketing card under this paragraph unless and until all marketing cards previously issued for the farm have been returned to and canceled by the county committee by endorsing thereon in bold characters the notation "Canceled". Any marketing card issued pursuant to this paragraph shall be issued upon the condition that any producer to or for whom it

is issued shall nevertheless be subject to the penalty with respect to the marketing of cotton in excess of the farm marketing quota for the farm.

(e) **Producers not eligible to receive white marketing cards.**—A white marketing card shall not be issued to any producer who is engaged in the production of cotton on any overplanted farm in the county or who has carry-over penalty cotton, except as provided in the foregoing paragraphs of this section. If the county committee determines that the issuance of a red marketing card rather than the issuance of a white marketing card to any producer with respect to any farm is necessary to enforce the provisions of the Act, a white marketing card shall not be issued to or for him and a red marketing card shall be issued to him and, if the county committee finds it necessary, to any other producer on any farm in which he has an interest as a cotton producer in the manner otherwise provided for in these regulations. [Secs. 346 (b), 375 (a), and 375 (b).]

SEC. 502.—ISSUING RED MARKETING CARDS

(a) **Producers eligible to receive red marketing cards.**—As soon as practicable after it has been determined that (1) the farm is an overplanted farm or (2) any producer thereon has any carry-over penalty cotton, the county committee shall (except as otherwise provided for in Sec. 501 or paragraph (b) of this section) issue a red marketing card (form Cotton 312) to each producer on the farm, as evidence that the producer to whom it is issued is entitled to market without penalty an amount of cotton equal to the amount entered thereon, provided that any cotton so marketed is produced by or for him on such farm in 1939 or is cotton from any previous crop which he has on hand. Any red marketing card so issued shall show (1) the name and address of the operator, (2) the name and address of the producer, if other than the operator, to whom issued, (3) the State and county code and serial number of the farm, (4) the signature of a member of the county committee signing for the county committee, (5) the countersignature of the operator or other producer to whom issued, or his duly authorized agent, (6) the amount of the producer marketing quota for the producer as first determined under Sec. 304, or if the card is issued to the operator under paragraph (b), the amount of the farm marketing quota as first determined under Sec. 301 (b) and (7) any other information which the county committee considers to be necessary in identifying the farm on which the cotton was produced. The total of all producer marketing quotas or the farm marketing quota, as evidenced by red marketing cards or a red marketing card issued under this paragraph or paragraph (b), as the case may be, shall not be greater than the normal production of the farm acreage allotment for the farm plus the amount of carry-over penalty free cotton, exclusive of any amount of carry-over penalty free cotton pledged as security for a Commodity Credit Corporation loan. In addition a red marketing card shall be issued to any person who was engaged in the production of cotton in 1938 and who has carry-over penalty free cotton, as evidence that the person to whom it was issued is entitled to market without penalty an amount of cotton equal to the amount entered thereon.

(b) Appointment of operator to receive red marketing card in trust for all producers.—In cases where more than one producer shares in the acreage planted to cotton in 1939 on a farm, if all producers on the farm agree in writing on form Cotton 312-A, a red marketing card showing the entire amount of the farm marketing quota for the farm as determined under Sec. 301 (b), and an additional red marketing card showing the amount, if any, by which the farm marketing quota for the farm is increased under Sec. 301 (c) may be issued to the operator, but the operator shall nevertheless make available to each producer on the farm the amount of the producer marketing quota to which he is entitled under Sec. 304. Such operator shall report to the county committee, as provided in Sec. 804 (b), the distribution of the farm marketing quota among the producers on the farm.

(c) Issuing red marketing cards on the basis of an additional apportionment or reapportionment of the farm marketing quota.—(1) If red marketing cards were issued to each producer on a farm, as provided in paragraph (a), and (i) the farm marketing quota for the farm is increased above the normal production of the farm acreage allotment on the basis of the actual production thereof and is apportioned or reapportioned among the producers thereon or (ii) the farm marketing quota for the farm is not so increased but is reapportioned among the producers thereon on the basis of the actual production, the county committee shall issue to each producer on the farm a red marketing card showing the amount by which his producer marketing quota was increased pursuant to Sec. 304 as a result of the additional apportionment or reapportionment of the farm marketing quota. A marketing card issued under this paragraph shall be evidence of the fact that the producer to or for whom it is issued is entitled to market without penalty an amount of cotton equal to the amount entered thereon, provided that any cotton so marketed is produced by or for him on such farm in 1939 or is cotton from any previous crop which he has on hand and shall show information comparable to that provided to be shown on the marketing card originally issued to the producer, except that the word "Additional" shall be endorsed in bold characters across its face.

(2) In the event a portion or all of a producer marketing quota is reapportioned among other producers on the farm, as provided in Sec. 304, the county committee shall deduct the portion so reapportioned from such producer marketing quota, as shown on the marketing card, by entering thereon the amount deducted and the amount of such producer marketing quota which remains unused after the reapportionment. The reduction in the amount of the producer marketing quota shall be evidenced further by the signature or initials of a member of the county committee signing for it opposite the entry on the marketing card. Any red marketing card issued to any producer shall be returned by him to the county committee at the time a portion or all of his producer marketing quota is reapportioned. In the event any producer fails or refuses to deliver to the county committee, within ten calendar days after the date of a request in writing to do so, any marketing card issued in evidence of a producer marketing quota a portion or all of which has been

reapportioned, the county committee shall forthwith cancel such marketing card by giving notice to such producer that such marketing card is void and of no effect by depositing written notice to that effect in the United States mails, registered and addressed to such producer at his last-known address. A copy of such notice, containing a notation thereon of the date of mailing, shall be kept among the records of the county committee. The county committee shall immediately notify the ginners and buyers in the county that the marketing card has been canceled and shall also notify the county committee of each adjoining county, which shall in turn notify the ginners and buyers in their respective counties.

(3) If a red marketing card was issued to the operator of the farm and the farm marketing quota for the farm is adjusted upward on the basis of the actual production under Sec. 301 (c), the red marketing card showing the amount of the upward adjustment shall be issued to the operator as provided in paragraph (b).

(4) The farm marketing quota or the total of all producer marketing quotas with respect to any farm, as evidenced by marketing cards issued under this paragraph and paragraph (a) or paragraph (b), as the case may be, shall not be greater than the amount of the farm marketing quota for the farm determined as provided for in Sec. 301. [Sec. 375 (a).]

SEC. 503.—ISSUING BLUE MARKETING CARDS

(a) **Producers eligible to receive blue marketing cards.**—The county committee shall (except as otherwise provided for in Sec. 501 or paragraph (b) of this section) issue a blue marketing card (form Cotton 314) to each producer on a farm who has carry-over penalty cotton, as evidence that the producer to whom it is issued is entitled to market subject to the penalty of two cents per pound an amount of cotton not to exceed the amount entered thereon. In addition a blue marketing card shall be issued to any person who was engaged in the production of cotton in 1938 and who has carry-over penalty cotton as evidence that the person to whom it was issued is entitled to market subject to the penalty of two cents per pound an amount of cotton not to exceed the amount shown thereon. Any blue marketing card so issued shall show (1) the name and address of the operator, (2) the name and address of the producer, if other than the operator, to whom issued, (3) the State and county code and serial number of the farm, (4) the signature of a member of the county committee signing for the county committee, (5) the countersignature of the operator or other producer to whom issued, or his duly authorized agent, (6) the amount of carry-over penalty cotton, exclusive of any amount thereof pledged as security for a Commodity Credit Corporation loan, and (7) any other information which the county committee considers to be necessary in identifying the farm in connection with which it is to be marketed.

(b) **Appointment of operator to receive blue marketing card in trust for all producers.**—If all producers on the farm who have carry-over penalty cotton agree in writing, on form Cotton 314-A, a blue marketing card may be issued to the operator showing the sum

of the amounts of such cotton for which blue marketing cards would have been issued to such producers but the operator shall nevertheless make available to each producer on the farm his share therein. Such operator shall report to the county committee, as provided in Sec. 804 (b), the amount thereof made available to each such producer. [Sec. 375 (a).]

SEC. 504.—ISSUING MARKETING CARDS FOR COTTON PLEDGED AS SECURITY FOR A COMMODITY CREDIT CORPORATION LOAN

If any producer to whom a red marketing card was issued desires to market any carry-over penalty free cotton which is pledged as security for a Commodity Credit Corporation loan, the county committee shall, upon his request, issue to him a red marketing card for the amount of such cotton which he desires to market. If the cotton so pledged is carry-over penalty cotton, the county committee shall, upon the producer's request, issue to him a blue marketing card for the amount of such cotton which the producer desires to market. A red or blue marketing card may be issued by the county committee to the operator of the farm under the agreement on form Cotton 312-A or 314-A, subject to the terms and conditions of Sec. 502 or Sec. 503. [Sec. 375 (a).]

SEC. 505.—ISSUING MARKETING CARDS FOR MULTIPLE FARMS

(a) **Issuing white marketing cards.**—In case a producer is engaged in 1939 in the production of cotton on more than one farm in a county and all such farms are underplanted farms and the producer does not have any carry-over penalty cotton or the penalty with respect to overplanted farms or carry-over penalty cotton has been secured as provided for in Sec. 707, separate white marketing cards shall, except as provided in paragraph (b) of this section, be issued by the county committee with respect to each of such farms in accordance with the provisions of Sec. 501.

(b) **Issuing red marketing cards.**—In case a producer is engaged in 1939 in the production of cotton on more than one farm in a county and the producer has carry-over penalty cotton, it will be necessary for him to designate one or more of such farms in connection with which the carry-over penalty cotton is to be marketed and for the purposes of this paragraph each farm so designated shall be treated as an overplanted farm in connection with the issuance of red marketing cards. In case a producer is engaged in 1939 in the production of cotton on more than one farm in the county and (1) all of such farms are overplanted farms, separate red marketing cards shall be issued by the county committee to or for all producers on each of such farms in accordance with the provisions of Sec. 502 unless the estimated amount of the penalty in respect thereto has been secured as provided for in Sec. 707, or (2) one or more but not all of such farms are overplanted farms and the county committee finds it necessary in order to enforce the provisions of the Act, separate red marketing cards shall be issued by the county committee to or for all producers on each of such farms in accordance with the provisions of Sec. 502 unless the estimated amount of the penalty in

respect thereto has been secured as provided for in Sec. 707, or (3) one or more but not all of such farms is an overplanted farm, a red marketing card shall be issued by the county committee, in accordance with the provisions of Sec. 502, to or for such producer and all other producers on each overplanted farm, unless the estimated amount of the penalty in respect thereto has been secured as provided for in Sec. 707, and no marketing card shall be issued to or for such producer with respect to each underplanted farm, except that a red marketing card for the amount of his producer marketing quota may be issued to him upon his request, but the county committee shall nevertheless, except as provided in Sec. 501 or in this paragraph, issue a white marketing card to or for all other producers on each underplanted farm.

(c) **Farms in other counties.**—Notwithstanding any other provisions of this section, if a red marketing card is issued to a producer who is engaged in 1939 in the production of cotton on farms in more than one county the procedure outlined in this section for issuing marketing cards for multiple farms in a county shall be followed with respect to all such farms in a State, if the State committee has reason to believe that the procedure would be necessary in order to enforce the Act. If such a procedure is followed, the State committee may require any producer so affected to file with it a list of all farms on which he is engaged in 1939 in the production of cotton, together with any other pertinent data which are deemed to be of any assistance in enforcing the Act. [Sec. 375 (a).]

SEC. 506.—ISSUING MARKETING CERTIFICATES

Upon request of a responsible executive officer of any publicly-owned agricultural experiment station, the State committee shall issue to such experiment station, with respect to cotton which is grown solely for experimental purposes by it, a certificate, signed by the chairman or the secretary of the State committee, evidencing the fact that the marketing of such cotton is not subject to the penalty. Such request shall be made in writing and shall show: (1) the name and address of the experiment station, (2) the location of the land on which such cotton was or is being produced, (3) the number of acres planted to cotton on such experiment station in 1939 for experimental purposes only, and (4) the number of acres planted to cotton for other purposes. [Sec. 375 (a).]

SEC. 507.—LOST, DESTROYED, OR STOLEN MARKETING CARDS OR CERTIFICATES

(a) **Report of loss, destruction, or theft.**—In case any marketing card or certificate issued to a producer is lost, destroyed, or stolen, any person having knowledge thereof shall, insofar as he be able, immediately notify the county committee of (1) the name of the operator of the farm for which such marketing card or certificate was issued, (2) the name of the producer to whom the marketing card or certificate was issued, if someone other than the operator, (3) the serial number of the marketing card or certificate, (4) the color or description of the marketing card or certificate, and (5) whether in his judgment it was lost, destroyed, or stolen and by whom.

(b) **Investigation and findings of county committee.**—The county committee shall make or cause to be made a thorough investigation of the circumstances of such loss, destruction, or theft. If the county committee finds, on the basis of its investigation, that such marketing card or certificate was in fact lost, destroyed, or stolen, it shall cancel such marketing card or certificate by giving notice to the producer to whom the card or certificate was issued that it is void and of no effect. A written notice to that effect addressed to the producer at his last-known address shall be deposited in the United States mails. If it also finds that there has been no collusion or connivance in connection therewith on the part of the producer to or for whom the marketing card or certificate was issued, it shall issue to or for him a marketing card or certificate of the same kind and bearing the same name, information, and identification as the lost, destroyed, or stolen marketing card or certificate. However, if the marketing card lost, destroyed, or stolen was a red marketing card or a blue marketing card, the county committee shall enter on the duplicate marketing card issued a deduction for the amount of the cotton which it determines has been marketed by or for the producer or producers to or for whom the marketing card was issued. Each marketing card or certificate issued under this section shall bear across its face in bold characters the word "Duplicate." In case a marketing card or certificate is canceled as provided for in this section, the county committee shall immediately notify the ginners and buyers in the county that the marketing card or certificate has been canceled and a duplicate has been issued. The county committee shall also notify the county committee of each adjoining county, which shall in turn notify the ginners and buyers in their respective counties. Any ginner or buyer or any other person coming into possession of a canceled marketing card or certificate shall immediately return it to the county committee which issued it. [Sec. 375 (a).]

SEC. 508.—CANCELLATION OF MARKETING CARDS OR CERTIFICATES ISSUED IN ERROR

In the event any marketing card or certificate has been erroneously issued, the producer to whom it was issued shall, upon request, forthwith return it to the county committee and it shall be canceled by the county committee by endorsing thereon in bold letters the notation "Canceled." In the event any producer fails or refuses to deliver to the county committee, within ten calendar days after the date of the request, any marketing card or certificate issued erroneously, the county committee shall forthwith cancel such marketing card or certificate by giving notice to such producer that it is void and of no effect by depositing written notice to such effect in the United States mails, registered and addressed to such producer at his last-known address. A copy of such notice, containing a notation thereon of the date of mailing, shall be kept among the records of the county committee. The county committee shall immediately notify the ginners and buyers in the county that the marketing card or certificate has been canceled. The county committee shall also notify the county committee of each adjoining county, which shall in turn notify the ginners and buyers in their respective counties. [Sec. 375 (a).]

PART VI. IDENTIFICATION OF COTTON

SEC. 601.—IDENTIFICATION WHERE NO MARKETING CARD OR CERTIFICATE IS PRESENTED

Each buyer or transferee who buys or receives cotton during the marketing year, or prior to the beginning of the marketing year if the cotton was produced in the calendar year 1939, shall, unless it is identified by the producer as provided in these regulations, deem it to be identified as cotton subject to the penalty of three cents per pound provided for in Section 348 of the Act. [Sec. 375 (a).]

SEC. 602.—IDENTIFICATION BY WHITE MARKETING CARDS

A white marketing card shall be used to identify cotton (including cotton produced from seed of a pure strain of Sea Island or American-Egyptian cotton) with respect to which it was issued as—

- (1) cotton which is not subject to the penalty provided for in Section 348 of the Act;
- (2) cotton with respect to which the estimated penalty has been secured by a bond of indemnity or money held in escrow;
- (3) cotton produced on a farm with respect to which the county committee has estimated that no penalty will be incurred because the actual production of the acreage planted to cotton in 1939 on the farm plus the amount of carry-over penalty cotton will not exceed the normal production of the farm acreage allotment for the farm; or
- (4) cotton with respect to which the penalty, if any, will not be paid until it is determined whether the total production of lint cotton in 1939 on the farm on which it was produced exceeds 1,000 pounds.

If such cotton is marketed directly to and in the presence of the buyer or transferee, the producer shall identify the cotton by showing his marketing card to the buyer or transferee. If the marketing of such cotton is effected by telephone, telegraph, or mail, or by any means or method other than directly to and in the presence of the buyer or transferee, the producer shall identify such cotton by delivering to the buyer or transferee a certificate properly executed in duplicate on form Cotton 311-A, as evidence that the county committee has issued a white marketing card to such producer. [Sec. 375 (a).]

SEC. 603.—IDENTIFICATION BY RED MARKETING CARDS

A red marketing card, accompanied by a certified statement properly executed on form Cotton 313, shall be used to identify cotton with respect to which it was issued as cotton the marketing of which is not subject to the penalty provided for in Section 348 of the Act until the amount identified by such red marketing card and marketed thereunder is equal to the farm or producer marketing quota shown on such card and thereafter as cotton the marketing of which is subject to the penalty of three cents per pound provided for in Section 348 of the Act. If such cotton is marketed directly to and

in the presence of the buyer or transferee, the producer shall identify such cotton by showing his red marketing card and by delivering to the buyer or transferee a certified statement properly executed on form Cotton 313. If the marketing of such cotton is effected by telephone, telegraph, or mail, or any means or method other than directly to and in the presence of the buyer or transferee, the producer shall identify such cotton by delivering to the buyer or transferee a certified statement properly executed on form Cotton 313. [Sec. 375 (a).]

SEC. 604.—IDENTIFICATION BY BLUE MARKETING CARDS

A blue marketing card, accompanied by a certified statement properly executed on form Cotton 315, shall be used to identify cotton with respect to which it is issued as cotton the marketing of which is subject to the penalty of two cents per pound provided for in Section 348 of the Act, until the amount of lint cotton identified by such blue marketing card and marketed thereunder is equal to the amount shown thereon and thereafter any other cotton as cotton the marketing of which is subject to the penalty of three cents per pound provided for in Section 348 of the Act. If such cotton is marketed directly to and in the presence of the buyer or transferee, the producer shall identify such cotton by showing his blue marketing card and by delivering to the buyer or transferee a certified statement properly executed on form Cotton 315. If the marketing of such cotton is effected by telephone, telegraph, or mail, or any means or method other than directly to and in the presence of the buyer or transferee, the producer shall identify such cotton by delivering to the buyer or transferee a certified statement properly executed on form Cotton 315. [Sec. 375 (a).]

SEC. 605.—IDENTIFICATION BY CERTIFICATE FOR PUBLICLY-OWNED AGRICULTURAL EXPERIMENT STATIONS

A marketing certificate issued with respect to publicly-owned agricultural experiment stations shall be presented by the producer to the buyer or transferee at the time the cotton is marketed, for the purpose of identifying the cotton with respect to which it is issued as cotton grown solely for experimental purposes by a publicly-owned agricultural experiment station and the marketing of which is not subject to the penalty provided for in Section 348 of the Act. [Secs. 372 (d) and 375 (a).]

SEC. 606.—IDENTIFICATION OF LONG STAPLE COTTON

A certificate on form Cotton 321 by a federally-licensed cotton classifier that the staple of cotton covered by such certificate is $1\frac{1}{2}$ inches or more in length shall, if presented by the producer to the buyer or transferee at the time of marketing, be used to identify such cotton as not subject to the penalty provided for in Section 348 of the Act. [Secs. 350 and 375 (a).]

PART VII. PENALTIES**SEC. 701.—PENALTIES IN GENERAL**

Any producer who markets cotton in excess of the farm marketing quota for the 1939-1940 marketing year for the farm on which such cotton was produced shall be subject to a penalty of three cents per pound with respect to the excess so marketed, except that the penalty shall be two cents per pound with respect to the amount of carry-over penalty cotton which is marketed in excess of the farm marketing quota. (The penalty of three cents per pound or two cents per pound, as the case may be, is herein referred to as "the penalty".) Any producer shall be deemed to have marketed cotton subject to the penalty of three cents per pound if it is marketed in excess of the farm marketing quota or the producer marketing quota apportioned to him under these regulations, as evidenced by the red marketing card issued to or for him in accordance with these regulations, or subject to the penalty of two cents per pound if it is identified when marketed by the blue marketing card issued to him in accordance with these regulations and is not marketed in excess of the amount of cotton shown thereon. [Sec. 348.]

SEC. 702.—FARMS PRODUCING LESS THAN 1,000 POUNDS OF LINT COTTON

The penalty shall not apply to cotton produced in 1939 on a farm for which a farm acreage allotment was established which is marketed in excess of the farm marketing quota for the farm if the total production of lint cotton thereon in 1939 does not exceed 1,000 pounds. [Sec. 346 (b).]

SEC. 703.—LONG STAPLE COTTON

The penalty shall not apply to the marketing of cotton the staple of which is $1\frac{1}{2}$ inches or more in length. Cotton produced from seed of a pure strain of Sea Island or American-Egyptian cotton shall be presumed to be cotton the staple of which is $1\frac{1}{2}$ inches or more in length. Notwithstanding the fact that a white marketing card has been issued with respect to cotton produced from seed of a pure strain of Sea Island or American-Egyptian cotton, such cotton shall nevertheless be subject to the penalty provided for in Section 348 of the Act if it is determined that such cotton has in fact a staple of less than $1\frac{1}{2}$ inches in length and is marketed in excess of the farm marketing quota for the farm on which it was produced. Any other cotton shall be deemed to be cotton the staple of which is less than $1\frac{1}{2}$ inches in length unless the producer thereof obtains a certification by a federally-licensed cotton classifier that such cotton has a staple of $1\frac{1}{2}$ inches or more in length. Such certification shall be made in triplicate on form Cotton 321. [Sec. 350.]

SEC. 704.—COTTON MARKETED BY PUBLICLY-OWNED AGRICULTURAL EXPERIMENT STATIONS

Except as set forth in Sec. 702 and Sec. 703, the penalty shall apply to any cotton grown by any publicly-owned agricultural experiment station which is not grown solely for experimental purposes. The

penalty shall not apply to the marketing of any cotton grown for experimental purposes only by any publicly-owned agricultural experimental station. [Sec. 372 (d).]

SEC. 705.—PAYMENT AND COLLECTION OF PENALTIES

(a) **Time when penalties become due.**—The penalty shall be due at the time the cotton is marketed by sale, barter, or exchange. Cotton shall be deemed to be sold when either title to or actual or constructive possession of the cotton is delivered by or on behalf of the producer or any part of the purchase price is paid. Cotton shall be deemed to have been marketed by barter or exchange when it is delivered to the transferee of the cotton by actual or constructive delivery or the transferer has received any part of the property, goods, or services for which the cotton is being bartered or exchanged.

(b) **Persons liable for collection and payment of penalties.**—The penalty in connection with the marketing of cotton by sale to any person within the United States shall be collected by the buyer at the time of sale. The penalty in connection with the marketing of cotton by sale to any person not within the United States or by barter or exchange shall be paid by the producer liable for the penalty and may be collected by the person to whom such cotton is transferred, in the case of an exchange or barter, if the producer and the transferee of such cotton agree, as evidenced by the form Cotton 313 or form Cotton 315 covering the transaction, that the penalty shall be collected by the transferee as in the case of the marketing of cotton by sale to any person within the United States. The penalty, if any, due in connection with the marketing of any cotton produced on any farm for which a white marketing card is issued shall not be collected by the buyer or transferee of such cotton but shall be paid by the producer who marketed such cotton.

(c) **Payment of a penalty prior to the marketing of cotton.**—Any producer who would be liable for the penalty upon the marketing of any cotton produced by or for him may nevertheless pay such penalty prior to the time such cotton is marketed and the treasurer of the county committee for the county in which such cotton was produced shall receive the penalty as in the case of other penalties.

(d) **Manner of collection.**—The penalty may be collected by a buyer by receiving the amount thereof from the producer or by deducting from the purchase price of the cotton the amount of the penalty due with respect to the marketing thereof.

(e) **Issuance of receipts for penalties collected.**—Any buyer or transferee of cotton who, as provided for in paragraph (a), collects the penalty with respect to the marketing of cotton shall issue a receipt to the producer from whom the penalty is collected. [Sec. 372.]

SEC. 706.—REMITTANCE OF PENALTIES TO THE TREASURER OF THE COUNTY COMMITTEE

(a) **Time of remittance.**—The penalty shall be remitted not later than thirty calendar days next succeeding the day on which the cotton was marketed by the producer. For and on behalf of the Secretary of Agriculture, the treasurer of the county committee for the

county in which the farm on which the cotton was produced is located shall receive the penalty and issue to the person remitting the penalty a receipt therefor on form Cotton 319 or form Cotton 319-A.

(b) **Form of remittance.**—The penalty shall be remitted only in legal tender or by draft, check, or money order drawn payable to the order of the **Treasurer of the United States**. All checks, drafts, or money orders tendered in payment of the penalty shall be received by the treasurer of the county committee subject to collection and payment at par, and any receipt issued in connection therewith as provided for in paragraph (a) shall bear a notation to that effect and a description of the check, draft, or money order. The penalty collected by the buyer or transferee, as provided for in Sec. 705, shall be accompanied at the time it is remitted by a copy of the receipt issued by such buyer or transferee to the producer from whom the penalty was collected. [Sec. 372.]

SEC. 707.—SECURING PAYMENT OF THE PENALTIES UPON REQUEST

(a) **Methods of securing the penalty.**—The county committee may, upon request of the owner or operator of any overplanted farm or any farm on which a producer has carry-over penalty cotton, estimate the amount of the penalty which may become due with respect to the marketing of cotton in excess of the farm marketing quota for the farm and, unless it is estimated that the penalty will not accrue with respect to the marketing of cotton produced on such farm in 1939 because it is estimated that the actual production of the acreage planted to cotton in 1939 on the farm plus the amount of any carry-over penalty cotton will not exceed the normal production of the farm acreage allotment for the farm, the penalty with respect to the marketing of such cotton may be paid as provided for in paragraph (e), provided that either (1) a good and sufficient bond of indemnity on form Cotton 323 is executed and filed with the treasurer of the county committee in an amount equal to not less than the amount of the estimated penalty for which the producers having an interest in the cotton crop produced on the farm would otherwise be liable, or (2) an amount of money not less than the amount of such estimated penalty is deposited with the Treasurer of the United States to be held in escrow to secure the payment of any penalty which might accrue.

(b) **Execution of bond.**—Any bond filed pursuant to paragraph (a) shall be made on form Cotton 323 and executed as principal by the owner or operator of the farm for and on behalf of each producer on such farm and as sureties by two owners of real property (other than such owner or operator or producers) situated within the county and shall contain the condition that so much of the principal sum of such bond as is equal to the penalty incurred shall be forthwith paid to the Secretary of Agriculture upon the proof that the penalty secured thereby or any part or amount thereof has not been paid as provided for in paragraph (e). The county committee shall examine the bond and, if it finds such bond to be good and sufficient and in proper form and otherwise acceptable, the same shall be marked "Approved" and signed by a member of the committee acting for the committee and the bond shall be delivered to the treasurer of the county committee for safekeeping.

(c) **Placing funds in escrow.**—Any funds delivered by the owner or operator of the farm to be held in escrow to secure the payment of the penalty shall be only in legal tender or in the form of a cashier's check or money order drawn payable to the order of the **Treasurer of the United States** and shall be deposited as provided for in Sec. 709. The treasurer of the county committee shall issue a receipt for such funds to the person who tenders them to be held in escrow. Such funds shall be received subject to payment and collection at par.

(d) **Estimating the penalty secured and amount of bond or funds in escrow.**—In estimating the production of cotton for any farm under this section, the county committee shall take into consideration the appraised yield of the cotton crop and the number of acres planted to cotton on the farm. Such estimate shall be made after bolls are formed on the cotton plants for which the estimate is made. The number of pounds of lint cotton estimated to be produced on the farm in excess of the farm marketing quota shall be the amount by which the total estimated production of lint cotton in 1939 on the farm is in excess of the normal production of the farm acreage allotment established for the farm. Any bond or funds to be held in escrow pursuant to the foregoing provisions of this section shall be in an amount not less than the sum of the following: (1) The amount determined by multiplying three cents by the number of pounds so estimated to be produced in excess of the farm marketing quota and (2) the amount determined by multiplying two cents by the number of pounds of carry-over penalty cotton.

(e) **Report to county committee and payment of penalty.**—The owner or operator of the farm shall file a report with the county committee, as provided for in Sec. 804 (b), for and on behalf of every producer on the farm. The report shall be in writing on form Cotton 317 and certified to be true and correct by the owner or operator, as the case may be, and shall show the amount of any penalty due for the marketing of cotton in excess of the farm marketing quota for the farm. If the county committee finds such report to be true and accurate and in proper form, the same shall be marked "Approved" and signed by a member of the committee acting for the committee, and the report shall be delivered to the treasurer of the county committee. The amount of the penalty set forth in the report as approved by the county committee shall forthwith be paid to the Secretary of Agriculture through the treasurer of the county committee. If funds are held in escrow to secure payment of the penalty, the penalty shall be paid by the use of such funds or, in the event such funds are not sufficient to cover the amount of the penalty incurred, the producer or producers who incurred the penalty shall pay a sufficient additional amount. Any part of the funds held in escrow which is in excess of the amount of the penalty set forth in the report as approved by the county committee shall be returned to the owner or operator, as the case may be, in accordance with Sec. 708.

(f) **Multiple farms.**—If a producer is engaged in the production of cotton on more than one farm in the county in 1939, the county committee shall not accept funds to be placed in escrow or a bond to secure payment of the penalty under this section from or on behalf of such producer for any one of the farms unless such funds or bond

is offered and accepted with respect to all such farms for which the penalty may become due.

(g) **Apportionment of farm marketing quota.**—The provisions of this section shall have no effect on the apportionment of the farm marketing quota for a farm among producers as provided for in Sec. 304. [Secs. 372 and 375 (b).]

SEC. 708.—REFUNDS OF MONEY IN EXCESS OF THE PENALTY

(a) **Conditions under which refunds may be made.**—After the farm marketing quota for any farm has been finally determined, as provided for in Sec. 301, and finally apportioned or reapportioned among the producers thereon, as provided in Sec. 304, the county committee and the treasurer of the county committee, upon their own motion or upon the request of any person who has paid money in connection with marketing cotton for the farm, shall review the amount of money paid in connection with marketing cotton to determine whether the amount so paid is in excess of that due as the penalty for one or more of the following reasons:

(1) The money was received in connection with marketing cotton produced on a farm on which the actual production of the farm acreage allotment for the farm is greater than the amount of the farm marketing quota for the farm as expressed in terms of the normal production of the farm acreage allotment for the farm;

(2) The money was received in connection with marketing cotton produced on a farm for which the farm marketing quota was increased by a determination of a review committee appointed by the Secretary of Agriculture or as a result of a court review of the determination of the review committee;

(3) The money was received in connection with marketing cotton produced on a farm on which the total amount of lint cotton produced in 1939 on the farm did not exceed 1,000 pounds;

(4) The money was received in connection with marketing cotton the staple of which is $1\frac{1}{2}$ inches or more in length;

(5) The money was received in connection with marketing cotton grown for experimental purposes only by a publicly-owned agricultural experiment station; or

(6) The money was received through error.

No refund of money shall be made under this section unless the money has been remitted to the treasurer of the county committee and transmitted by him to the secretary of the State committee but has not been covered into the general fund of the Treasury of the United States. No refund of money shall be approved unless and until the interest of every person on the farm in the money received in connection with marketing cotton is determined.

(b) **Determination of amounts of refunds.**—The county committee and the treasurer of the county committee shall determine the total amount of the penalty incurred with respect to the marketing of cotton in excess of the farm marketing quota for the farm and, on the basis of the apportionment or reapportionment of the farm marketing quota among the producers on the farm, shall deter-

mine the total amount of money received from each producer and the total amount of the penalty incurred by each producer in connection with marketing cotton with respect to the farm. If money has been received in connection with marketing cotton by any person other than the producer by or for whom it was produced, and the person from whom the money was received has been reimbursed therefor, either by deducting the amount thereof from the purchase price of the cotton or otherwise, any refund under this section shall be made to the person who actually bore the burden of the payment. If the person from whom the money was received has not been reimbursed therefor, no refund under this section shall be made to him for so much of the money received as may be necessary to cover the amount of the penalty incurred with respect to the marketing of the cotton. If the money received with respect to the farm is in excess of the total amount of the penalty incurred for the farm, the county committee and the treasurer of the county committee shall determine for each person the amount received from him which is in excess of that due as the penalty and which, insofar as the sum in excess of the penalty incurred with respect to the farm and the amounts of such excess due other producers on the farm will permit, may be certified for refund to such person. If the county committee and the treasurer of the county committee find that the money received with respect to the farm is not in excess of the total amount of the penalty incurred, no refund under this section shall be made. If the county committee and the treasurer of the county committee find that the money received with respect to the farm is in excess of the total amount of the penalty incurred but that the amounts of such excess due one or more persons with respect to the farm equal or exceed the total amount of such excess, no refund under this section shall be made to other persons from whom money may have been received in connection with marketing cotton with respect to the farm. Any determination made by the county committee and the treasurer of the county committee under the terms of this section shall not prejudice the right of any person from whom a sum of money has been received in connection with the marketing of cotton from the farm with respect to which the determination was made to file a claim with the Secretary of Agriculture in accordance with the procedure set forth in Sec. 711. Any determination of the county committee and treasurer of the county committee under the terms of this section shall be made in writing on form Cotton 324 (and form Cotton 325 if necessary) and signed by at least one member of such committee and such treasurer. The county committee shall conduct any investigation or hold any hearing it deems necessary for a proper settlement of any case arising under this section.

(c) **Certification of refunds.**—At least one member of the county committee, acting for the committee, and the treasurer of the county committee shall certify on form Cotton 324 the amount which may be refunded to each person with respect to the farm and forward form Cotton 324 (and form Cotton 325 if necessary) to the secretary of the State committee, who shall cause to be certified to the Chief Disbursing Officer of the Treasury Department for payment such amounts as have been approved. [Sec. 372 (b).]

SEC. 709.—DEPOSIT OF FUNDS

All funds received by the treasurer of the county committee in connection with the marketing of cotton shall be scheduled for collection and transmitted by him on the day received, or not later than the morning of the succeeding day, to the secretary of the State committee for deposit to the credit of a special deposit account with the Treasurer of the United States in the name of the Chief Disbursing Officer of the Treasury Department (herein referred to as "special deposit account"). In the event the funds so received are in the form of cash, the treasurer of the county committee shall purchase a postal money order in the amount thereof, payable to the order of the **Treasurer of the United States**. The expense incurred by the treasurer of the county committee in purchasing postal money orders shall be paid by him in accordance with existing procedure from the funds provided for the administrative expenses of the county agricultural conservation association. The treasurer of the county committee shall make and keep a record of each amount received by him, showing the name of the person who remitted the funds, the identification of the farm or farms in connection with which the funds were received, and the names of the producer or producers who marketed the cotton in connection with which the funds were remitted. As soon as practicable after the farm marketing quota for any farm has been finally apportioned or reapportioned among the producers thereon as provided in Sec. 304, the county committee and the treasurer of the county committee shall review the amount of the funds received for the farm and notify the secretary of the State committee of the amounts thereof which are penalties to be covered into the general fund of the Treasury of the United States and the amounts thereof tendered in excess of the amount due as the penalty. The secretary of the State committee shall cause to be scheduled for transfer from the special deposit account and covered into the general fund of the Treasury of the United States the amount of the penalties so determined. [Sec. 372 (b).]

SEC. 710.—RECORDS AND ACCOUNTS OF TREASURER OF COUNTY COMMITTEE

The treasurer of each county committee or his successor in office is hereby authorized and empowered to receive for and on behalf of the Secretary of Agriculture all moneys received in connection with the payment of the penalties referred to in Sec. 701 and to keep records prescribed in connection therewith. Whenever a treasurer of a county committee is succeeded in office, the secretary of the State committee shall cause the records and accounts of the former treasurer to be audited. [Sec. 372 (b).]

SEC. 711.—REFUND OF PENALTIES

Whenever, pursuant to a claim filed with the Secretary of Agriculture within the time prescribed by law after payment to him of the penalty collected from any person, the Secretary of Agriculture finds that the penalty was erroneously, illegally, or wrongfully collected,

he shall certify to the Secretary of the Treasury for payment to the claimant, in accordance with regulations prescribed by the Secretary of the Treasury, such amount as the Secretary of Agriculture finds the claimant is entitled to receive as a refund of all or a portion of the penalty. Any claim filed with the Secretary of Agriculture pursuant to this section shall be made in accordance with regulations prescribed by him. [Sec. 372 (c).]

SEC. 712.—REPORT OF VIOLATIONS AND COURT PROCEEDINGS TO COLLECT PENALTY

It shall be the duty of the county committee to report in writing to the State committee forthwith each case of failure or refusal to pay the penalty or to remit the same to the Secretary of Agriculture when collected. It shall be the duty of the State committee to report each such case forthwith in writing in triplicate to the United States Department of Agriculture with a view to the institution of proceedings by the United States Attorney for the appropriate district, under the direction of the Attorney General of the United States, to collect the penalties, as provided for in Section 376 of the Act. [Sec. 376.]

PART VIII. RECORDS AND REPORTS

SEC. 801.—RECORDS TO BE KEPT AND REPORTS TO BE SUBMITTED BY GINNERS

(a) **Nature of record and report.**—Each ginner shall, in conformity with Section 373 (a) of the Act, keep records and make reports on forms prescribed by the Administrator, which records and reports the Secretary of Agriculture hereby finds to be necessary to carry out with respect to cotton the provisions of Title III of the Act. Each record and report shall show with respect to each bale or lot of cotton of the 1939 crop ginned by him: (1) The serial number of the farm on which the cotton was produced; (2) the date of ginning; (3) the name of the operator of the farm on which the cotton was produced; (4) the name of the producer of the cotton; (5) the county in which the farm on which the cotton was produced is located; (6) the gin bale number or mark; (7) the serial number of the gin ticket or receipt issued by the ginner to the producer or prepared by the ginner with respect to the bale, or lot of cotton if less than a bale, and (8) the gross weight of each bale, or lot of cotton if less than a bale, ginned for each producer. In case a ginner buys seed cotton or gins cotton for a person who has purchased cotton in the seed, he shall attach to and make a part of his report the original of form Cotton 326 properly executed and retain one copy thereof.

(b) **Time of making reports.**—The ginning record provided for in paragraph (a) shall be made for each period beginning with the first day of each month and ending on the fifteenth day of such month, and for each period beginning with the sixteenth day of each month and ending on the last day of such month during which any cotton from the 1939 crop is ginned by the ginner. The original of the record shall be submitted to the treasurer of the county committee

for the county in which the gin is located not later than five calendar days next succeeding the last day of the period covered by the report. A copy of such record shall be retained by the ginner.

(c) **Penalty.**—Any ginner failing to keep any record or make any report as required by this section or making any false report or false record shall, as provided for in Section 373 (a) of the Act, be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.00 for each such offense. [Sec. 373 (a).]

SEC. 802.—RECORDS TO BE KEPT AND REPORTS TO BE SUBMITTED BY BUYERS

(a) **Buyer's regular reports.**—Each buyer shall, in conformity with Section 373 (a) of the Act, keep records and make reports, which records and reports the Secretary of Agriculture hereby finds to be necessary to carry out with respect to cotton the provisions of Title III of the Act, with respect to each transaction in which he purchases cotton during the marketing year, or prior to the beginning of the marketing year if the cotton was produced in the calendar year 1939, as follows:

(1) If the cotton is identified to him or his agent by the use of a white marketing card, as provided for in Sec. 602, or by the use of a certificate issued to a publicly-owned agricultural experiment station, as provided for in Sec. 605, the buyer or his agent is not required to keep a record or make a report with respect to such cotton other than the record and report provided for in paragraphs (b) and (c) of this section.

(2) If the cotton is identified to him or his agent by the use of a certificate on form Cotton 311-A, as provided for in Sec. 602, or by the certification of a federally-licensed cotton classifier on form Cotton 321, as provided for in Sec. 606, the buyer or his agent shall examine and execute each such certificate and shall retain the original thereof and shall forward one copy thereof on the postal card to the treasurer of the county committee of the county in which the cotton covered thereby was produced and one copy thereof shall be retained by the producer of the cotton covered thereby.

(3) If the cotton is identified to him or his agent by the use of a red marketing card and form Cotton 313 at the time cotton is purchased directly from and in the presence of the producer or his agent, as provided for in Sec. 603, the buyer or his agent, with the assistance of the producer, shall execute form Cotton 313 in triplicate by entering thereon, in the spaces provided, (i) the amount, if any, of the unused portion of the farm marketing quota or producer marketing quota, (ii) the amount of lint cotton purchased from the producer in the particular transaction, (iii) the amount of the farm marketing quota or producer marketing quota, as the case may be, remaining after deducting the amount of cotton purchased from the producer in the particular transaction from the amount of the unused portion of the farm marketing quota or producer marketing quota, as the case may be, or the amount of lint cotton purchased from the producer in the particular transaction which is in excess of the unused portion of the farm marketing quota or producer marketing quota, (iv) the

amount of the penalty, if any, which is due with respect to the lint cotton marketed in the particular transaction, (v) the gin bale numbers or marks of the cotton purchased in the particular transaction, (vi) the date on which the cotton was purchased, (vii) the fact that the penalty with respect to the marketing of the cotton was or was not collected, (viii) the name of the producer to whom the red marketing card was issued, (ix) the State and county code number and the serial number of the farm, (x) the name and address of the buyer, and (xi) the name of each person having an interest in the cotton marketed and his share therein. After such entries have been made, form Cotton 313 shall be executed by the buyer and the producer, both of whom shall certify to the correctness of the entries. In case cotton is purchased in the seed, the buyer and the producer shall use the known or estimated amount of lint cotton for the purpose of entering the information required to be shown on form Cotton 313 and shall enter thereon in lieu of the gin bale numbers or marks the number of pounds of seed cotton marketed in the particular transaction followed by the words "pounds of seed cotton". Form Cotton 313 so executed by the buyer and the producer shall be the receipt from the buyer to the producer for the amount of the penalty, if any, collected by the buyer as provided for in Sec. 705 (b). One copy of form Cotton 313 so executed shall be retained by the producer, the original thereof shall be retained by the buyer, and the copy thereof on the postal card shall (a) be forwarded by the buyer to the treasurer of the county committee by depositing it in the United States mails, if no penalty was collected with respect to the marketing of the cotton covered thereby, or (b) delivered by the buyer to the treasurer of the county committee at the time the penalty with respect to the marketing of the cotton covered thereby is remitted as provided for in Sec. 706.

(4) If the cotton is identified to him or his agent by the use of form Cotton 313 when the cotton is marketed by telephone, telegraph, or letter, or by any means or method other than directly to and in the presence of the producer or his agent, as provided for in Sec. 603, the buyer or his agent shall examine the original of form Cotton 313 and the copy thereof on the postal card submitted by the producer and, if the information required to be shown thereon as provided for in item (3) of this paragraph has been correctly entered thereon by the producer, the buyer or his agent shall execute the original and copy thereof and state therein the fact that the penalty, if any, due with respect to the marketing of such cotton was or was not collected, as the case may be, and enter the date and place of his signature. Form Cotton 313 may be returned by the buyer or his agent to the producer or his agent for the purpose of correcting any errors made in its execution by the producer or his agent. The original of form Cotton 313 so executed shall be retained by the buyer and the copy thereof on the postal card transmitted to the treasurer of the county committee in the manner provided for in item (3) of this paragraph. The buyer or his agent shall execute and transmit to the producer a receipt in a form acceptable to the producer for the amount of the penalty, if any, collected.

(5) If the cotton is identified to him or his agent by the use of a blue marketing card and form Cotton 315 at the time cotton is

purchased directly from and in the presence of the producer or his agent, as provided for in Sec. 604, the buyer or his agent, with the assistance of the producer, shall execute form Cotton 315 in triplicate by entering thereon, in the spaces provided, (i) the amount of the cotton shown on form Cotton 314 which has not been marketed previously, (ii) the amount of lint cotton purchased from the producer in the particular transaction, (iii) the amount of the cotton shown on form Cotton 314 remaining after deducting the amount of cotton purchased from the producer in the particular transaction from the amount of the cotton shown on form Cotton 314 which has not been marketed previously or the amount of lint cotton purchased from the producer in the particular transaction which is in excess of the cotton shown on form Cotton 314 which has not been marketed previously, (iv) the amount of the penalty which is due with respect to the lint cotton marketed in the particular transaction, (v) the gin bale numbers or marks of the cotton purchased in the particular transaction, (vi) the date on which the cotton was purchased, (vii) the fact that the penalty with respect to the marketing of the cotton was or was not collected (the penalty shall be collected in all such cases unless it has already been paid as provided for in Sec. 705 (c)), (viii) the name of the producer to whom the blue marketing card was issued, (ix) the State and county code number and the serial number of the farm, (x) the name and address of the buyer, and (xi) the name of each person having an interest in the cotton marketed and his share therein. After such entries have been made, form Cotton 315 shall be executed by the buyer and the producer, both of whom shall certify to the correctness of the entries. In case cotton is purchased in the seed, the buyer and the producer shall estimate the amount of lint cotton for the purpose of entering the information required to be shown on form Cotton 315 and shall enter thereon in lieu of the gin bale numbers or marks the number of pounds of seed cotton marketed in the particular transaction followed by the words "pounds of seed cotton". Form Cotton 315 so executed by the buyer and the producer shall be the receipt from the buyer to the producer for the amount of the penalty, if any, collected by the buyer as provided for in Sec. 705 (b). One copy of form Cotton 315 so executed shall be retained by the producer, the original thereof shall be retained by the buyer, and one copy shall be delivered by the buyer to the treasurer of the county committee at the time the penalty with respect to the marketing of the cotton covered thereby is remitted as provided for in Sec. 706.

(6) If the cotton is identified to him or his agent by the use of form Cotton 315 when the cotton is marketed by telephone, telegraph, or letter, or by any means or method other than directly to and in the presence of the producer or his agent, as provided for in Sec. 604, the buyer or his agent shall examine the original of form Cotton 315 and the copy thereof submitted by the producer and, if the information required to be shown thereon as provided for in item (5) of this paragraph has been correctly entered thereon by the producer, the buyer or his agent shall execute the original and copy thereof and state therein the fact that the penalty due with respect to the marketing of such cotton was or was not collected, as the case may be, and enter the date and place of his sig-

nature (the penalty shall be collected in all such cases unless it has already been paid as provided for in Sec. 705 (c)). Form Cotton 315 may be returned by the buyer or his agent to the producer or his agent for the purpose of correcting any errors made in its execution by the producer or his agent. The original of form Cotton 315 so executed shall be retained by the buyer and the copy thereof transmitted to the treasurer of the county committee in the manner provided for in item (5) of this paragraph. The buyer or his agent shall execute and transmit to the producer a receipt in a form acceptable to the producer for the amount of the penalty collected.

(7) If the cotton is identified to him or his agent by the use of a red marketing card and form Cotton 313, or by the use of a blue marketing card and form Cotton 315, and the producer or his agent presents to the buyer or his agent a receipt, or receipts, describing the cotton purchased in the particular transaction, executed by the treasurer of the county committee on form Cotton 319-A, as evidence of the fact that the penalty with respect to the marketing of the cotton described in such receipt, or receipts, has been paid in advance by the producer, as provided for in item (6) of Sec. 804 (a), the buyer or his agent shall execute form Cotton 313 or form Cotton 315 in the manner provided for in items (3), (4), (5), or (6), whichever is applicable, of this paragraph, except that the buyer shall state therein the fact that the penalty was not collected by him. The original of form Cotton 313 or form Cotton 315 and the original of each form Cotton 319-A relating thereto shall be retained by the buyer. One copy of form Cotton 315 and the copy of form Cotton 313 on the postal card shall be transmitted by the buyer to the treasurer of the county committee.

(b) **Buyer's special reports.**—Persons buying cotton shall, in conformity with Section 373 (a) of the Act, report to the Secretary of Agriculture in the following manner the following information and keep the following records on form Cotton 320, which records and reports the Secretary of Agriculture hereby finds to be necessary to enable him to carry out with respect to cotton the provisions of Title III of the Act. In the event it is found by the county committee, upon the basis of evidence submitted to it or upon the basis of an investigation made or caused to be made by it or if it has reason to believe that any buyer has failed to collect or remit the penalty on any cotton which he has purchased, the marketing of which is subject to the penalty and was so identified to him as provided for in Sec. 601 through Sec. 606, or that any buyer has purchased any cotton without requiring the seller thereof to identify properly such cotton as provided for in Sec. 601 through Sec. 606, the buyer shall, within 15 days after being requested to do so in writing deposited in the United States mails, registered and addressed to such buyer at his last-known address by such county committee, make a report to such committee on all the cotton which he has purchased during the marketing year up to and including the day on which he was so notified, in order that the county committee may make an investigation or an additional investigation to determine whether any cotton purchased during such time by such buyer was cotton the marketing of which was subject to the penalty and the penalty was not collected. Such report shall include for each

bale, or lot of cotton if less than a bale, purchased during such time by such buyer (1) the name and address of the producer from whom the bale or lot of cotton was purchased, (2) the gin bale number or mark on the bale of cotton or the number of pounds of seed cotton, (3) the number of pounds of lint cotton in the bale or lot, (4) a statement as to whether the buyer collected the penalty with respect to the marketing of the bale or lot of cotton, (5) the amount of any penalty, and (6) the county in which the cotton purchased was produced. Such information shall be reported on form Cotton 320 and the buyer shall submit with such report a statement verified by affidavit that the report is true and correct to his best knowledge.

(c) **Buyer's reports of seed cotton purchased.**—Each person buying seed cotton shall, in conformity with Section 373 (a) of the Act, report to the Secretary of Agriculture through the county committee in the following manner the following information and keep the following records on form Cotton 326, which information and records the Secretary of Agriculture hereby finds to be necessary to carry out with respect to cotton the provisions of Title III of the Act, with respect to all seed cotton of the 1939 crop purchased by each buyer: (1) The serial number of the farm on which the cotton was produced; (2) the name of the operator of the farm on which the cotton was produced; (3) the name of each producer having an interest in the cotton and his share therein; (4) the county in which the farm on which the cotton was produced is located; (5) the number of pounds of seed cotton purchased; (6) the estimated or known amount of lint cotton. The report on form Cotton 326 shall be prepared in triplicate and one copy shall be retained by the buyer and the original and one copy shall be delivered to the ginner at the time the cotton is ginned. The report on form Cotton 326 shall be in addition to any other report which is required pursuant to the provisions of these regulations.

(d) **Penalties.**—Any person engaged in the business of purchasing cotton from producers failing to keep any record or make any report as required by this section or making any false report or false record shall, as provided for in Section 373 (a) of the Act, be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.00 for each such offense. [Sec. 373 (a).]

SEC. 803.—RECORDS TO BE KEPT AND REPORTS TO BE SUBMITTED BY TRANSFEREES

Each transferee of cotton shall execute form Cotton 313 or form Cotton 315 by signing his name thereon in the space provided and by stating therein whether any penalty with respect to the marketing of such cotton was or was not collected by him from the producer. The original of form Cotton 313 or form Cotton 315 so executed shall be retained by the transferee. If the transferee collected the penalty with respect to the marketing of such cotton, as provided for in Sec. 705 (b), he shall issue and deliver to the producer who paid the penalty a receipt and receive from the producer a copy of form Cotton 313 or form Cotton 315 and deliver it to the treasurer of the county committee at the time of remitting the penalty as provided for in Sec. 706. [Sec. 375 (b).]

SEC. 804.—RECORDS TO BE KEPT AND REPORTS TO BE SUBMITTED BY PRODUCERS

(a) **Records of individual transactions.**—A producer to whom a red marketing card or a blue marketing card, or both, was issued shall keep the following records and make the following reports in connection with all cotton marketed by him, which records and reports the Secretary of Agriculture hereby finds to be necessary to carry out with respect to cotton the provisions of Title III of the Act:

(1) If the producer or his agent markets cotton by sale directly to and in the presence of the buyer or his agent, the producer or his agent shall execute the applicable portion of form Cotton 313, or form Cotton 315, as the case requires, and assist the buyer or his agent in the execution thereof as provided for in item (3) or item (5) of Sec. 802 (a) and one copy thereof so executed by the buyer and the producer or their agents shall be retained by the producer.

(2) If the producer or his agent markets cotton by sale, by telephone, telegraph, or letter, or by any means or method other than directly to and in the presence of the buyer or his agent, the producer or his agent shall execute form Cotton 313 or form Cotton 315, as the case requires, by showing therein the information provided for in item (3) or item (5) of Sec. 802 (a) and shall (i) retain one copy thereof so executed and (ii) transmit the original thereof and the copy of form Cotton 313 on the postal card or a copy of form Cotton 315 to the buyer or his agent by attaching the original and copy thereof so executed to the bill of lading or the draft or exchange used in the transaction or by any other means or method consistent with the nature of the transaction.

(3) If the producer or his agent markets cotton by barter or exchange directly to and in the presence of the transferee or his agent, the producer or his agent shall execute form Cotton 313 or form Cotton 315, as the case requires, and assist the transferee or his agent in the execution thereof, as provided for in Sec. 803, and one copy thereof so executed by the transferee and the producer or their agents shall be retained by the producer and the original thereof delivered to the transferee. The copy of form Cotton 313 on the postal card or the copy of form Cotton 315, as the case may be, shall be (i) delivered to the transferee or his agent if the transferee collected the penalty, if any, with respect to the marketing of the cotton as provided for in Sec. 705 (b), or (ii) forwarded by the producer to the treasurer of the county committee by depositing it in the United States mails if no penalty was incurred with respect to the marketing of the cotton, or (iii) delivered by the producer to the treasurer of the county committee at the time the producer remits the penalty with respect to the marketing of the cotton as provided for in Sec. 706 (b).

(4) If the producer or his agent markets cotton by barter or exchange, by telephone, telegraph, or letter, or by any means or method other than directly to and in the presence of the transferee or his agent, the producer or his agent shall execute form Cotton 313 or form Cotton 315, as the case requires, by showing therein the information provided for in item (3) or item (5) of Sec. 802 (a) and the producer or his agent shall (i) retain one copy thereof so executed and (ii)

transmit the original thereof to the transferee or his agent and (iii) transmit the copy of form Cotton 313 or the copy of form Cotton 315 to the transferee or his agent if the transferee collected the penalty, if any, with respect to the marketing of the cotton, as provided for in Sec. 705 (b), or deliver the copy thereof to the treasurer of the county committee at the time the producer remits the penalty with respect to the marketing of the cotton, as provided for in Sec. 706 (b), or forward it to the said treasurer by depositing it in the United States mails if no penalty was incurred with respect to the marketing of the cotton. If the penalty is collected by the transferee in such a transaction, as provided for in Sec. 705 (b), the transferee or his agent shall execute and transmit to the producer a receipt for the penalty collected in a form acceptable to the producer.

(5) If the producer or his agent markets the cotton to any person not within the United States the producer or his agent shall execute form Cotton 313 or form Cotton 315, as the case requires, by showing therein the information provided for in item (3) or item (5) of Sec. 802 (a) and shall indicate in the space provided thereon for the signature of the buyer or transferee that the buyer or transferee is a person not within the United States. The producer shall retain one copy of form Cotton 313 or form Cotton 315 so executed and shall forward the original thereof and the copy of form Cotton 313 on the postal card, or the copy of form Cotton 315, to the treasurer of the county committee, together with any penalty incurred with respect to the marketing of such cotton.

(6) If the producer pays the penalty with respect to the marketing of any cotton prior to the time such cotton is marketed, as provided for in Sec. 705 (c), the treasurer of the county committee to whom such penalty is paid shall execute, in triplicate, form Cotton 319-A by describing therein the cotton with respect to the marketing of which the penalty has been paid and shall retain one copy thereof and deliver the original and one copy thereof to the producer. The original of form Cotton 319-A so executed shall be delivered by the producer or his agent to the buyer or transferee of the cotton described therein at the time such cotton is marketed, and the producer or his agent shall execute form Cotton 313 or form Cotton 315, as the case requires, with respect thereto in accordance with the foregoing provisions of this paragraph.

(b) **Farm operator's report.**—The operator of each overplanted farm or of each farm on which any producer has carry-over penalty cotton or, upon the request of the county committee, the operator of any other farm shall file with the Secretary of Agriculture through the county committee not later than 30 calendar days after all the cotton on the farm has been marketed or March 1, 1940, whichever is the earlier, a report on form Cotton 317, which report the Secretary of Agriculture hereby finds to be necessary to carry out with respect to cotton the provisions of Title III of the Act, showing for each producer (1) the total pounds of lint cotton produced in 1939 by each producer on the farm, (2) the total pounds of carry-over penalty free cotton, (3) the total pounds of carry-over penalty cotton, (4) the producer marketing quota for each producer on the farm, (5) the amount of cotton marketed by each producer prior to the date of submitting this report, (6) the pounds of lint cotton

marketed by each producer subject to the penalty of three cents per pound and the pounds subject to the penalty of two cents per pound, (7) the amount of the money received from each producer in connection with the marketing of cotton, (8) the amount refunded to each producer, and (9) the pounds of lint cotton each producer has on hand which has not been marketed at the time of submitting the report. In the event the total production of cotton in 1939 on such farm is not marketed prior to March 1, 1940, the operator shall make on form Cotton 317 and file with the county committee an additional report of the information required by this subsection after the total production of cotton in 1939 on such farm has been harvested and marketed or not later than August 1, 1940, whichever is the earlier. In addition, the operator of any farm shall, upon request of the county committee, furnish as a part of his report on form Cotton 317 the name and address of each buyer to whom he sold any cotton and the name and address of each ginner who ginned any cotton for him. [Sec. 373 (b).]

SEC. 805.—DATA TO BE KEPT CONFIDENTIAL

Except as otherwise provided herein, all data reported to or acquired by the Secretary of Agriculture pursuant to and in the manner provided in these regulations shall be kept confidential by all officers and employees of the United States Department of Agriculture, members of county committees, other local committees, and State committees, county agents, and the employees of such committees and of county agents' offices, and shall not be disclosed to anyone not having an interest in or responsibility for any cotton, farm, or transaction covered by the particular data, record, information, report, or form and only such data so reported or acquired as the Secretary of Agriculture deems relevant shall be disclosed by them to anyone not having such an interest or not being employed in the administration of the Act and then only in a suit or administrative hearing under Title III of the Act. [Sec. 373 (c).]

SEC. 806.—ENFORCEMENT

It shall be the duty of the county committee to report in writing to the State committee forthwith each case of failure or refusal to make any report or keep any record as required by these regulations and each case of making any false report or record. It shall be the duty of the State committee to report each such case forthwith in writing, in triplicate, to the United States Department of Agriculture with a view to the institution of proceedings by the United States Attorney for the appropriate district, under the direction of the Attorney General of the United States, to enforce the provisions of Title III of the Act. [Sec. 376.]

APPENDIX

APPLICABLE PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

There are set forth hereinafter the provisions of the Agricultural Adjustment Act of 1938, as Amended, (Public Law No. 430, 75th Congress, approved February 16, 1938, 52 Stat. 31) which are implemented by the foregoing "Regulations Pertaining to Cotton Marketing Quotas for the 1939-1940 Marketing Year" (Cotton 307).

DEFINITIONS

SEC. 301 (a) General definitions.—For the purposes of this title and the declaration of policy—

(1) "Parity", as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. The base period in the case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914, and, in the case of tobacco, shall be the period August 1919 to July 1929.

(2) "Parity", as applied to income, shall be that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation as prevailed during the period from August 1909 to July 1914.

(3) The term "interstate and foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof; or within any Territory or within the District of Columbia or Puerto Rico.

(4) The term "affect interstate and foreign commerce" means, among other things, in such commerce, or to burden or obstruct such commerce or the free and orderly flow thereof; or to create or tend to create a surplus of any agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

(5) The term "United States" means the several States and Territories and the District of Columbia and Puerto Rico.

(6) The term "State" includes a Territory and the District of Columbia and Puerto Rico.

(7) The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.

(8) The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of a State.

* * * * *

(b) (1) (B) "Actual production" of any number of acres of cotton on a farm means the actual average yield for the farm times such number of acres.

* * * * *

(3) (B) "Carry-over" of cotton for any marketing year shall be the quantity of cotton on hand either within or without the United States at the beginning

of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current.

* * * * *

(6) (A) "Market," in the case of cotton, wheat, and tobacco, means to dispose of by sale, barter, or exchange, but, in the case of wheat, does not include disposing of wheat as premium to the Federal Crop Insurance Corporation under Title V.

* * * * *

(D) "Marketed," "marketing," and "for market" shall have corresponding meanings to the term "market" in the connection in which they are used.

(7) "Marketing year" means, in the case of the following commodities, the period beginning on the first and ending with the second date specified below:

Corn, October 1-September 30;
Cotton, August 1-July 31;
Rice, August 1-July 31;
Tobacco (flue-cured), July 1-June 30;
Tobacco (other than flue-cured), October 1-September 30;
Wheat, July 1-June 30.

(8) "National average yield" as applied to cotton or wheat shall be the national average yield per acre of the commodity during the ten calendar years in the case of wheat, and during the five calendar years in the case of cotton, preceding the year in which such national average yield is used in any computation authorized in this title, adjusted for abnormal weather conditions and, in the case of wheat, but not in the case of cotton, for trends in yields.

(9) "Normal production" as applied to any number of acres of corn, cotton, or wheat means the normal yield for the farm times such number of acres.

(10) (A) "Normal supply" in the case of corn, cotton, rice, and wheat shall be a normal year's domestic consumption and exports of the commodity, plus 7 per centum in the case of corn, 40 per centum in the case of cotton, 10 per centum in the case of rice, and 15 per centum in the case of wheat, of a normal year's domestic consumption and exports, as an allowance for a normal carry-over.

* * * * *

(11) (B) "Normal year's domestic consumption," in the case of cotton and tobacco, shall be the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the ten marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

* * * * *

(12) "Normal year's exports" in the case of corn, cotton, rice, tobacco, and wheat shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the ten marketing years (or, in the case of rice, the five marketing years) immediately preceding the marketing year in which such exports are determined, adjusted for current trends in such exports.

* * * * *

(13) (B) "Normal yield" for any county, in the case of wheat or cotton, shall be the average yield per acre of wheat or cotton for the county adjusted for abnormal weather conditions, and, in the case of wheat but not in the case of cotton, for trends in yields, during the ten calendar years in the case of wheat, and five calendar years in the case of cotton, immediately preceding the year with respect to which such normal yield is used in any computation authorized under this title.

(C) In applying subparagraph (A) or (B), if for any such year the data are not available, or there is no actual yield, an appraised yield for such year, determined in accordance with regulations issued by the Secretary, shall be used as the actual yield for such year. In applying such subparagraphs, if, on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield in any year of such ten-year period or five-year period, as the case may be, is less than 75 per centum of the average (computed without regard to such year) such year shall be eliminated in calculating the normal yield per acre.

* * * * *

(E) "Normal yield" for any farm, in the case of corn, wheat, or cotton, shall be the average yield per acre of corn, wheat, or cotton, as the case may be,

for the farm, adjusted for abnormal weather conditions and, in the case of corn and wheat, but not in the case of cotton, for trends in yields, during the ten calendar years in the case of corn and wheat, and five calendar years in the case of cotton, immediately preceding the year with respect to which such normal yield is used in any computation authorized under this title. If for any such year the data are not available or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations of the Secretary, taking into consideration abnormal weather conditions, the normal yield for the county, and the yield in years for which data are available.

* * * * *

(16) (A) "Total supply" of corn, cotton, rice, and wheat for any marketing year shall be the carry-over of the commodity for such marketing year plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins.

* * * * *

(c) The latest available statistics of the Federal Government shall be used by the Secretary in making the determinations required to be made by the Secretary under this Act.

* * * * *

MARKETING QUOTAS—COTTON

LEGISLATIVE FINDINGS

SEC. 341. American cotton is a basic source of clothing and industrial products used by every person in the United States and by substantial numbers of people in foreign countries. American cotton is sold on a world-wide market and moves from the places of production almost entirely in interstate and foreign commerce to processing establishments located throughout the world at places outside the State where the cotton is produced.

Fluctuations in supplies of cotton and the marketing of excessive supplies of cotton in interstate and foreign commerce disrupt the orderly marketing of cotton in such commerce with consequent injury to and destruction of such commerce. Excessive supplies of cotton directly and materially affect the volume of cotton moving in interstate and foreign commerce and cause disparity in prices of cotton and industrial products moving in interstate and foreign commerce with consequent diminution of the volume of such commerce in industrial products.

The conditions affecting the production and marketing of cotton are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of excessive supplies of cotton and fluctuations in supplies, cannot prevent indiscriminate dumping of excessive supplies on the Nation-wide and foreign markets, cannot maintain normal carry-overs of cotton, and cannot provide for the orderly marketing of cotton in interstate and foreign commerce.

It is in the interest of the general welfare that interstate and foreign commerce in cotton be protected from the burdens caused by the marketing of excessive supplies of cotton in such commerce, that a supply of cotton be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty, and that the soil resources of the Nation be not wasted in the production of excessive supplies of cotton.

The provisions of this Part affording a cooperative plan to cotton producers are necessary and appropriate to prevent the burdens of interstate and foreign commerce caused by the marketing in such commerce of excessive supplies, and to promote, foster, and maintain an orderly flow of an adequate supply of cotton in such commerce.

FINDING AND PROCLAMATION OF SUPPLIES, AND SO FORTH

SEC. 342. Not later than November 15 of each year the Secretary shall find and proclaim (a) the total supply, the normal supply, and the carry-over of cotton as of August 1 of such year, (b) the probable domestic consumption of American cotton during the marketing year commencing August 1 of such year, (c) the probable exports of American cotton during such marketing year, and (d) the estimated carry-over of cotton as of the next succeeding August 1. For

the marketing year 1937-1938 the Secretary shall make all the findings and proclamations provided for in this section not later than ten days after the date of the enactment of this Act.

AMOUNT OF NATIONAL ALLOTMENT

SEC. 343. (a) Not later than November 15 of each year the Secretary shall find and proclaim the amount of the national allotment of cotton for the succeeding calendar year in terms of standard bales of five hundred pounds gross weight. The national allotment shall be the number of bales of cotton adequate, together with the estimated carry-over as of August 1 of such succeeding calendar year, to make available a supply of cotton, for the marketing year beginning on such August 1, equal to the normal supply. The finding and proclamation of the national allotment for the calendar year 1938 shall be made not later than ten days after the date of the enactment of this Act.

(b) If the national allotment for 1938 or 1939 is determined to be less than ten million bales, the national allotment for such year shall be ten million bales for such year, as the case may be. If the national allotment for 1938 or 1939 is determined to be more than eleven million five hundred thousand bales, it may be eleven million five hundred thousand bales for such year, as the case may be.

(c) Notwithstanding the foregoing provisions of this section, the national allotment for any year shall be increased by a number of bales equal to the production of the acres allotted under section 344 (e) for such year.

APPORTIONMENT OF NATIONAL ALLOTMENT

SEC. 344. (a) The national allotment for cotton for each year (excluding that portion of the national allotment provided for in section 343 (c), shall be apportioned by the Secretary among the several States on the basis of the average, for the five years preceding the year in which the national allotment is determined, of the normal production of cotton in each State. The normal production of a State for a year shall be (1) the quantity produced therein plus (2) the normal yield of the acres diverted in each county in the State under the previous agricultural adjustment or conservation programs. The normal yield of the acres diverted in any county in any year shall be the average yield per acre of the planted acres in such county in such year times the number of acres diverted in such county in such year.

(b) The Secretary shall ascertain, on the basis of the average yield per acre in each State, a number of acres in such State which will produce a number of bales equal to the allotment made to the State under subsection (a). Such number of acres plus the number of acres allotted to the State pursuant to subsection (e) (2) is referred to as the "State acreage allotment." The average yield per acre for any State shall be determined on the basis of the average of the normal production for the State for the years used in computing the allotment to the State, and the average, for the same period, of the acres planted and the acres diverted in the State.

(c) (1) The State acreage allotment (less the amount required for apportionment under paragraph (2)) shall be apportioned annually by the Secretary to the counties in the State. The apportionment to the counties shall be made on the basis of the acreage planted to cotton during the five calendar years immediately preceding the calendar year in which the State allotment is apportioned (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during such five-year period.

(2) Not more than 2 per centum of the State acreage allotment shall be apportioned to farms in such State which were not used for cotton production during any of the three calendar years immediately preceding the year for which the allotment is made, on the basis of land, labor, and equipment available for the production of cotton; crop rotation practices; and the soil and other physical facilities affecting the production of cotton.

(d) The allotment apportioned to the county under subsection (c) (1), plus any amount allotted to the county under subsection (e), shall be apportioned by the Secretary through the local committees, among the farms within the county on the following basis:

(1) To each farm on which cotton has been planted during any of the previous three years there shall be allotted the smaller of the following—

(A) Five acres; or

(B) The highest number of acres planted to cotton (plus the acres diverted from the production of cotton under the agricultural adjustment or conservation programs) in any year of such three-year period;

(2) Not more than 3 per centum of the amount remaining, after making the allotments provided for under paragraph (1), shall be allotted, upon such basis as the Secretary deems fair and equitable, to farms (other than farms to which an allotment has been made under paragraph (1) (B) to which an allotment of not exceeding fifteen acres may be made under other provisions of this subsection; and

(3) The remainder of the total amount available to the county shall be allotted to farms on which cotton has been planted during any of the previous three years (except farms to which an allotment has been made under paragraph (1) (B)). The allotment to each farm under this paragraph, together with the amount of the allotment to such farm under paragraph (1) (A), shall be a prescribed percentage (which percentage shall be the same for all such farms in the county or administrative area) of the acreage, during the preceding year, on the farm which is tilled annually or in regular rotation, excluding from such acreage the acres devoted to the production of sugarcane for sugar, wheat, tobacco, or rice for market or wheat or rice for feeding to livestock for market: *Provided, however,* That if a farm would be allotted under this paragraph an acreage, together with the amount of the allotment to such farm under paragraph (1) (A), in excess of the largest acreage planted to cotton plus the acreage diverted from the production of cotton under the agricultural adjustment or conservation program during any of the preceding three years, the acreage allotment for such farm shall not exceed such largest acreage so planted and diverted in any such year.

(e) (1) For 1938 and 1939, the Secretary shall allot to the several counties, to which an apportionment is made under subsection (c), a number of acres required to provide a total acreage for allotment under this section to such counties of not less than 60 per centum of the sum of (1) the acreage planted to cotton in such counties in 1937, plus (2) the acreage therein diverted from cotton production in 1937 under the agricultural adjustment and conservation program. The acreage so diverted shall be estimated in case data are not available at the time of making such allotment.

(2) The Secretary shall allot to each State to which an allotment is made under subsection (b), and in which at least three thousand five hundred bales were produced in any of the five years immediately preceding the year for which the allotment is made, a number of acres sufficient to provide a total State acreage allotment for such State of not less than five thousand acres.

(f) In apportioning the county allotment among the farms within the county, the Secretary, through the local committees, shall take into consideration different conditions within separate administrative areas within a county if any exist, including types, kinds, and productivity of the soil so as to prevent discrimination among the administrative areas of the county.

(g) For each of the years 1938 and 1939 an acreage equal to 4 per centum of the State acreage allotment shall be apportioned by the Secretary, to counties and farms in the State receiving allotments under this Part, in the following manner:

(1) An amount of the additional allotment provided for in this subsection sufficient to allot to each farm the acreage allotments provided for in subparagraphs (A) (B) of paragraph (1) of subsection (d) of this section shall be used for making such acreage allotments as therein provided.

(2) In counties in which the allotment is not sufficient to provide adequate and representative allotments to other farms in the county as a result of the allotments required by section 344 (d) (1) (A) and (B), an additional acreage shall be allotted to such farms to make the allotment to each of such farms as nearly equal to the allotment which would have been made to such farms in the absence of the provisions of (A) and (B) of subsection 344 (d) (1) as the remainder of the 4 per centum will permit.

(3) After making the allotments provided for in paragraphs (1) and (2) of this subsection the remainder of the 4 per centum may be apportioned in amounts determined by the Secretary to be fair and reasonable to farms or counties receiving allotments which the Secretary determines are inade-

quate and not representative in view of past production of cotton on the farm or in the county.

(h) Notwithstanding any other provisions of this section, the cotton acreage allotment for any farm for each of the years 1938 and 1939, after making the allotments provided in subsection (g), shall be increased in such amount as may be necessary to provide an allotment of not less than 50 per centum of the sum of the acreage planted in cotton in 1937 and the acreage diverted from cotton production in 1937 under the agricultural conservation program, as determined for each farm in accordance with regulations prescribed by the Secretary and for the crop year 1938 any part of the acreage allotted to individual farms in the State which it is determined, in accordance with regulations prescribed by the Secretary, will not be planted to cotton in the year for which the allotment is made, shall be deducted from the allotments to such farms and may be apportioned, in amounts determined by the Secretary to be fair and reasonable, preference being given to farms in the same county receiving allotments which the Secretary determines are inadequate and not representative in view of the past production of cotton and the acreage diverted from the production of cotton on such farms under the agricultural conservation program in the immediately preceding year; *Provided*, That any such transfer of allotment for 1938 shall not affect apportionment for any subsequent year: *Provided*, That this subsection shall not operate to raise the cotton acreage of any farm above 40 per centum of the acreage on such farm which is tilled annually or in regular rotation, as determined under regulations prescribed by the Secretary.

(PUBLIC—No. 6—76TH CONGRESS)

(CHAPTER 9—1ST SESSION)

(S. 660)

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, to provide for the reapportionment of cotton acreage allotments not planted by farmers entitled thereto.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (h) of section 344 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the words "for the crop year 1938", and inserting in lieu thereof the words "for any crop year"; and by striking out the words "for 1938" where they appear in the first proviso of such subsection: *Provided*, That hereafter such allotment of acreage in counties shall be to such farms as the County Committee of such county may designate. In making such designation the County Committee shall consider only the character and adaptability of the soil and other physical facilities affecting the production of cotton and the need of operator for an additional allotment to meet the requirement of the families engaging in the production of cotton on the farm in such year.

Approved, March 13, 1939.

(i) The acreage required for apportionment under subsection (g) and (h) shall be in addition to the State acreage allotment, and the production of such acreage shall be in addition to the national allotment.

MARKETING QUOTAS

SEC. 345. Whenever the Secretary determines that the total supply of cotton for any marketing year exceeds by more than 7 per centum the normal supply thereof for such marketing year, the Secretary shall proclaim such fact not later than November 15 of such marketing year (or, in case of the marketing year 1937-1938, within ten days after the date of enactment of this Act), and marketing quotas shall be in effect during the next succeeding marketing year with respect to the marketing of cotton. Cotton produced in the calendar year in which such marketing year begins shall be subject to the quotas in effect for such marketing year notwithstanding that it may be marketed prior to August 1.

AMOUNT OF FARM MARKETING QUOTAS

SEC. 346. (a) The farm marketing quota for cotton for any farm for any marketing year shall be a number of bales of cotton equal to the sum of—

- (1) A number of bales equal to the normal production or the actual production, whichever is the greater, of the farm acreage allotment, and
- (2) A number of bales equal to the amount, or part thereof, of cotton from any previous crop which the farmer has on hand, which, had such amount, or part thereof, been marketed during the preceding marketing year in addition to the cotton actually marketed during such preceding marketing year, could have been marketed without penalty.

(b) The penalties provided for in section 348 shall not apply to the marketing of cotton produced on any farm for which a farm acreage allotment has been made for the current crop if the production of the current crop does not exceed one thousand pounds of lint cotton.

REFERENDUM

SEC. 347. Not later than December 15 of any calendar year in which a proclamation of farm marketing quotas pursuant to the provisions of this Part has been made, the Secretary shall conduct a referendum, by secret ballot, of farmers who were engaged in production of the crop harvested prior to the holding of the referendum to determine whether they favor or oppose such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas, the Secretary shall, prior to the end of such calendar year, proclaim the result of the referendum, and upon such proclamation the quotas shall become ineffective. If a proclamation under section 345 is made with respect to the 1938 crop, the referendum with respect to such crop shall be held not later than thirty days after the date of the enactment of this Act and the result thereof shall be proclaimed not later than forty-five days after such date.

PENALTIES

SEC. 348. Any farmer who, while farm marketing quotas are in effect, markets cotton in excess of the farm marketing quota for the marketing year for the farm on which such cotton was produced, shall be subject to the following penalties with respect to the excess so marketed: 2 cents per pound if marketed during the first marketing year when farm marketing quotas are in effect; and 3 cents per pound if marketed during any subsequent year, except that the penalty shall be 2 cents per pound if cotton of the crop subject to penalty in the first year is marketed subject to penalty in any subsequent year.

INELIGIBILITY FOR PAYMENTS

SEC. 349. (a) Any person who knowingly plants cotton on his farm in any year on acreage in excess of the farm acreage allotment for cotton for the farm for such year under section 344 shall not be eligible for any payment for such year under the Soil Conservation and Domestic Allotment Act, as amended.

(b) All persons applying for any payment of money under the Soil Conservation and Domestic Allotment Act, as amended, with respect to any farm located in a county in which cotton has been planted during the year for which such payment is offered, shall file with the application a statement that the applicant has not knowingly planted, during the current year, cotton on land on his farm in excess of the acreage allotted to the farm under section 344 for such year.

LONG STAPLE COTTON

SEC. 350. The provisions of this Part shall not apply to cotton the staple of which is $1\frac{1}{2}$ inches or more in length.

* * * * *

PUBLICATION AND NOTICE OF QUOTA

SEC. 362. All acreage allotments, and the farm marketing quotas established for farms in a county or other local administrative area shall, in accordance with regulations of the Secretary, be made and kept freely available for public

inspection in such county or other local administrative area. An additional copy of this information shall be kept available in the office of the county agricultural extension agent or with the chairman of the local committee. Notice of the farm marketing quota of his farm shall be mailed to the farmer.

REVIEW BY REVIEW COMMITTEE

SEC. 363. Any farmer who is dissatisfied with his farm marketing quota may, within fifteen days after mailing to him of notice as provided in section 362, have such quota reviewed by a local review committee composed of three farmers appointed by the Secretary. Such committee shall not include any member of the local committee which determined the farm acreage allotment, the normal yield, or the farm marketing quota for such farm. Unless application for review is made within such period, the original determination of the farm marketing quota shall be final.

REVIEW COMMITTEE

SEC. 364. The members of the review committee shall receive as compensation for their services the same per diem as that received by the members of the committee utilized for the purposes of the Soil Conservation and Domestic Allotment Act, as amended. The members of the review committee shall not be entitled to receive compensation for more than thirty days in any one year.

INSTITUTION OF PROCEEDINGS

SEC. 365. If the farmer is dissatisfied with the determination of the review committee, he may, within fifteen days after a notice of such determination is mailed to him by registered mail, file a bill in equity against the review committee as defendant in the United States district court, or institute proceedings for review in any court of record of the State having general jurisdiction, sitting in the county or the district in which his farm is located, for the purpose of obtaining a review of such determination. Bond shall be given in an amount and with surety satisfactory to the court to secure the United States for the costs of the proceeding. The bill of complaint in such proceeding may be served by delivering a copy thereof to any one of the members of the review committee. Thereupon the review committee shall certify and file in the court a transcript of the record upon which the determination complained of was made, together with its findings of fact.

COURT REVIEW

SEC. 366. The review by the court shall be limited to questions of law, and the findings of fact by the review committee, if supported by evidence, shall be conclusive. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the review committee, the court may direct such additional evidence to be taken before the review committee in such manner and upon such terms and conditions as to the court may seem proper. The review committee may modify its findings of fact or its determination by reason of the additional evidence so taken, and it shall file with the court such modified findings or determination, which findings of fact shall be conclusive. At the earliest convenient time, the court, in term time or vacation, shall hear and determine the case upon the original record of the hearing before the review committee, and upon such record as supplemented if supplemented, by further hearing before the review committee pursuant to direction of the court. The court shall affirm the review committee's determination, or modified determination, if the court determines that the same is in accordance with law. If the court determines that such determination or modified determination is not in accordance with law, the court shall remand the proceeding to the review committee with direction either to make such determination as the court shall determine to be in accordance with law or to take such further proceedings as, in the court's opinion, the law requires.

STAY OF PROCEEDINGS AND EXCLUSIVE JURISDICTION

SEC. 367. The commencement of judicial proceedings under this Part shall not, unless specifically ordered by the court, operate as a stay of the review committee's determination. Notwithstanding any other provision of law, the juris-

dition conferred by this Part to review the legal validity of a determination made by a review committee pursuant to this Part shall be exclusive. No court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any such determination except in a proceeding under this Part.

NO EFFECT ON OTHER QUOTAS

SEC. 368. Notwithstanding any increase of any farm marketing quota for any farm as a result of review of the determination thereof under this Part, the marketing quotas for other farms shall not be affected.

GENERAL ADJUSTMENTS OF QUOTAS

SEC. 371. (a) If at any time the Secretary has reason to believe that in the case of corn, wheat, cotton, rice, or tobacco the operation of farm marketing quotas in effect will cause the amount of such commodity which is free of marketing restrictions to be less than the normal supply for the marketing year for the commodity then current, he shall cause an immediate investigation to be made with respect thereto. In the course of such investigation due notice and opportunity for hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith. He shall also in such proclamation specify such increase in, or termination of, existing quotas as he finds, on the basis of such investigation, is necessary to make the amount of such commodity which is free of marketing restrictions equal the normal supply.

(b) If the Secretary has reason to believe that, because of a national emergency or because of a material increase in export demand, any national marketing quota for corn, wheat, cotton, rice or tobacco should be increased or terminated, he shall cause an immediate investigation to be made to determine whether the increase or termination is necessary in order to effectuate the declared policy of this Act or to meet such emergency or increase in export demand. If, on the basis of such investigation, the Secretary finds that such increase or termination is necessary, he shall immediately proclaim such finding (and if he finds an increase is necessary, the amount of the increase found by him to be necessary) and thereupon such quota shall be increased, or shall terminate, as the case may be.

(c) In case any national marketing quota for any commodity is increased under this section, each farm marketing quota for the commodity shall be increased in the same ratio.

* * * * *

PAYMENT AND COLLECTION OF PENALTIES

SEC. 372. (a) The penalty with respect to the marketing, by sale, of wheat, cotton, or rice, if the sale is to any person within the United States, shall be collected by the buyer.

(b) All penalties provided for in Subtitle B shall be collected and paid in such manner, at such times, and under such conditions as the Secretary may by regulations prescribe. Such penalties shall be remitted to the Secretary by the person liable for the penalty, except that if any other person is liable for the collection of the penalty, such other person shall remit the penalty. The amount of such penalties shall be covered into the general fund of the Treasury of the United States.

(c) Whenever, pursuant to a claim filed with the Secretary within one year after payment to him of any penalty collected from any person pursuant to this Act, the Secretary finds that such penalty was erroneously, illegally, or wrongfully collected, the Secretary shall certify to the Secretary of the Treasury for payment to the claimant, in accordance with regulations prescribed by the Secretary of the Treasury, such amount as the Secretary finds the claimant is entitled to receive as a refund of such penalty.

The Secretary is authorized to prescribe regulations governing the filing of such claims and the determination of such refunds.

(d) No penalty shall be collected under this Act with respect to the marketing of any agricultural commodity grown for experimental purposes only by any publicly owned agricultural experiment station.

REPORTS AND RECORDS

SEC. 373. (a) This subsection shall apply to warehousemen, processors, and common carriers of corn, wheat, cotton, rice, or tobacco, and all ginners of cotton, all persons engaged in the business of purchasing corn, wheat, cotton, rice, or tobacco from producers, and all persons engaged in the business of redrying, prizing, or stemming tobacco for producers. Any such person shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining the information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any record as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.

(b) Farmers engaged in the production of corn, wheat, cotton, rice, or tobacco for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as the Secretary may prescribe as necessary for the administration of this title.

(c) All data reported to or acquired by the Secretary pursuant to this section shall be kept confidential by all officers and employees of the Department, and only such data so reported or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing under this title.

MEASUREMENT OF FARMS AND REPORT OF PLANTINGS

SEC. 374. The Secretary shall provide, through the county and local committees, for measuring farms on which corn, wheat, cotton, or rice is produced and for ascertaining whether the acreage planted for any year to any such commodity is in excess of the farm acreage allotment for such commodity for the farm under this title. If in the case of any farm the acreage planted to any such commodity on the farm is in excess of the farm acreage allotment for such commodity for the farm, the committee shall file with the State committee a written report stating the total acreage on the farm in cultivation and the acreage planted to such commodity.

REGULATIONS

SEC. 375. (a) The Secretary shall provide by regulations for the identification, wherever necessary, of corn, wheat, cotton, rice, or tobacco so as to afford aid in discovering and identifying such amounts of the commodities as are subject to and such amounts thereof as are not subject to marketing restrictions in effect under this title.

(b) The Secretary shall prescribe such regulations as are necessary for the enforcement of this title.

COURT JURISDICTION

SEC. 376. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this title. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this title. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

* * * * *

UTILIZATION OF LOCAL AGENCIES

SEC. 388. (a) The provisions of section 8 (b) and section 11 of the Soil Conservation and Domestic Allotment Act, as amended, relating to the utilization of State, county, local committees, the extension service, and other ap-

proved agencies, and to recognition and encouragement of cooperative associations, shall apply in the administration of this Act; and the Secretary shall, for such purposes, utilize the same local, county, and State committees as are utilized under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended. The local administrative areas designated under section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, for the administration of programs under that Act, and the local administrative areas designated for the administration of this Act shall be the same.

(b) The Secretary is authorized and directed, from any funds made available for the purposes of the Acts in connection with which county committees are utilized, to make payments to county committees of farmers to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of such Acts. All or part of such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or loans, or other payments under such Acts, made unless payment of such expenses is otherwise provided by law. The Secretary may make such payments to such committees in advance of determination of performance by farmers.



